



FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF MESQUITE, NEVADA

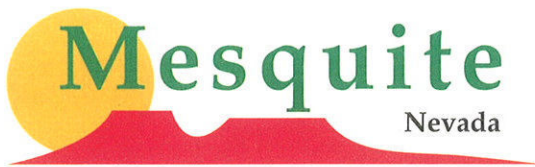
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CITY OF MESQUITE, NEVADA

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February 13, 2009

To the Honorable Mayor, Members of the City Council, and Citizens of Mesquite, Nevada:

The comprehensive annual financial report for the City of Mesquite for the fiscal year ended June 30, 2008 is herewith submitted. State law requires that local governments provide for an annual audit by independent certified public accountants of its financial statements in accordance with generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City of Mesquite. Consequently, management assumes fully responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Mesquite has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Mesquite's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Mesquite's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Mesquite's financial statements have been audited by Hinton, Burdick, Hall & Spilker CPA's & Advisors, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Mesquite for the fiscal year ended June 30, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Mesquite's financial statements for fiscal year

ended June 30, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Mesquite was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Mesquite's MD&A can be found immediately following the report of the independent auditors.

GASB 34 Financial Reporting

In addition to the fund-by-fund financial information currently presented in the City's financial statements, government-wide financial statements are also included. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including current year additions to infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, the GASB 34 reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements.

Profile of the Government

The City of Mesquite operates as a general law city under Nevada Revised Statute, Chapter 266 and is located in the northeastern part of Clark County, Nevada which ranks as one of the nation's top growth areas. The City was incorporated on May 24, 1984 with 1,108 residents. According

to the 2000 census, Mesquite had a population of 9,389. As of July 1, 2008, the state demographer estimates current population to be 19,939 residents.

The City operates under a council-manager form of government, with elective offices consisting of the mayor and five city councilmen. The Mayor and Council act as the policy-making body of the City, directing such actions as are required to provide for the general welfare of the community. The mayor and all councilmen are elected at-large on a non-partisan basis for staggered, four-year terms. Elections for city councilmen are held every other year with either three City Council seats or two City Council seats and the position of mayor being voted upon in any one election year. City council meetings are presided over by the mayor, or by the mayor pro tempore (a councilman elected to that position by the City Council) in the absence of the mayor.

The City Manager, appointed by the Council, serves as the Chief Administrative Officer and is responsible to the Mayor and Council for the proper administration of all City affairs and the implementation of all policies established by Council. The Mayor and City Council appoint the City Attorney, City Clerk, City Treasurer, Municipal Court Judge, and Chief of Police. The Department Directors and employees are appointed and supervised by the City Manager.

The City of Mesquite maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. By April 15, the City Manager submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the City Council whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval.

All revisions to the adopted budget are made a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval.

Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available.

Activities of the general fund, special revenue funds, debt service funds, capital project funds and the enterprise fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is statutorily required to be exercised at the function level. Appropriations lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget augmentation.

City of Mesquite Profile

The City of Mesquite is a dynamic community of 19,939 residents of diverse cultural backgrounds and lies on the north bank of the Virgin River at the Nevada / Arizona border, providing a full range of services including police and fire protection; Municipal Court; detention facilities; sewer and garbage collection services; cemetery; museum; construction and maintenance of boulevards, streets and other public infrastructure; recreational facilities and activities; senior services; and cultural events.

The City encompasses 32 square miles of land along Interstate Highway 15. The City maintains approximately 57 of the 90 miles of surface streets within our borders. Additionally, the City has created 15 parks on approximately 58 acres throughout the community. Other recreational opportunities include a 50,000 square foot recreation center that includes a full-sized outdoor pool and an indoor pool; a 4-court municipal tennis complex; a senior center; history museum; fine arts center; local theatre facility, and a bike and pedestrian trail system with 53.8 miles of paved and natural surface miles in and around the City and along the banks of the Virgin River with future plans for an additional 80 miles to improve the open space connectivity. The Clark County School District provides 4 schools for 2,000+ students at the kindergarten through 12th grade levels within the Virgin Valley and the College of Southern Nevada offers courses to residents. Public fixed route transportation is provided by Silver Rider (Southern Nevada Transit Coalition), which also provides para-transit services for handicapped riders. The City of Mesquite continues to be one of the fastest growing small cities in America which prides itself on a community focus and promoting a unique quality of life.

Economic Condition and Outlook

Mesquite is home to citizens who enjoy the small town atmosphere as well as close proximity to Las Vegas located 90 miles to the south on Interstate 15. Local key economic sectors of tourism, hospitality, recreation and construction continue to be significant factors in the economic landscape. Continued residential and commercial growth sustains a strength within the local economy through creation of new employment opportunities within the city. The City of Mesquite continues to maintain a strong financial position and provide excellent service to residents through conservative fiscal management and sensitivity to the cost of providing those necessary and desired services.

The City of Mesquite continues to experience robust increases in population, economic expansion and diversification as it attracts new businesses to the community. Development and related construction activity also adds to the vibrancy of the City's economy as progress continues with developing more than 2,000 acres to meet the demand for future residential housing, near completion of Phase 1 of a new 670 acre regional park with facilities that include a 5-field artificially-turfed soccer complex and also serves as home for the World Long Drivers of America Championship. Phase 2 plans include an amphitheater, baseball/softball complex, tennis and volleyball courts, horseshoe pits and cemetery. The new regional park will also be a major attraction for hosting new and existing youth and adult athletic events as well as adding significantly to the quality of life for residents and visitors who come to enjoy Mesquite's broad appeal of a sun drenched climate and resort amenities offered by Casa Blanca, Eureka, Oasis and Virgin River Hotel/Casino's...all of which offer gaming, golf and spa services. Additionally, a new 132 acre project is underway for the Barcelona Resort which will be a mixed use resort to include a 60,000 square foot casino, 450 room hotel, 211 sites for a luxury motor home park as well as adjacent shopping opportunities at a retail complex.

Nevada State Consolidated Tax distributed to cities has been, and is expected to continue to be, the highest revenue generator for the City. Property and room taxes are the City's second largest revenue source. Assessed valuation for existing properties as well as new residential and commercial growth in the City of Mesquite continues to increase which will yield growth in property tax revenues. Mesquite enjoys the second lowest City controlled property tax rate of \$.5520 per \$100 in assessed valuation among the five municipal Clark County entities and one of the lowest within the state.

Cash Management Policies and Practices

Cash resources of the individual funds are combined to form a pool of investable cash. Temporarily idle cash is invested in U.S. Treasury and Agency obligations and the State Treasurer's investment pool to earn yields at current market rates of interest from securities sanctioned by City investment policies and state statutes.

The City's Investment Policy is designed to maximize yield of cash resources by investing and managing those funds in a wise and prudent manner. Criteria for consideration and selecting investments in prioritized order are: (1) safety, (2) liquidity, and (3) yield. The basic premise underlying the City's Investment Policy is to ensure that money is safe, readily available, and earning the highest and best return. Accordingly, deposits were either insured by Federal Depository Insurance Corporation, the Security Investor's Protection Corporation or collateralized by the financial institution with which the City conducts normal banking and financial transactions.

Risk Management

The City of Mesquite is a member of the Nevada Public Agency Insurance Pool (NPAIP) and Public Agency Compensation Trust (PACT), a consortium of 106 governmental entities in Nevada who have joined together to achieve savings on insurance premiums through volume purchasing and risk management consulting. Each member pays for its proportionate share of its individually contracted insurance coverage and consulting services. Insurance activities are financed by charges to member agencies and no long-term debt has been incurred.

At June 30, 2008, NPAIP purchases reinsurance through commercial insurance companies for claims in excess of \$250,000 for property risks and \$500,000 for casualty insurance risk for each insured event.

The City is insured for worker's compensation and employer's liability exposures through the Public Agency Compensation Trust. Employee health benefits are provided by the City through participation in the Teamsters Security Fund for Southern Nevada.

All claims are investigated, valued, reserved, defended, and/or settled in accordance with generally accepted insurance industry practices. There are no known existing claims that would exceed the City's applicable coverages.

Pension and other post employment benefits.

The employees of the City are covered by the State of Nevada Public Employees' Retirement System. The City does not exercise any control over the plan and is not liable for any of the plan's unfunded obligations. The Plan was established on July 1, 1948 by the Nevada Legislature and is governed by the Public Employees' Retirement Board, whose seven members are appointed by the Governor.

The City contributes to the Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. The City participates in two separate categories for its Miscellaneous and Public Safety employees. Member contribution rates are established by NRS 286.465. As a matter of policy, the City fully funds each year's annual contribution.

We express appreciation to the Finance Department staff and others who assisted and contributed to the preparation of this report, as well as the contributions of the staff of Hinton, Burdick, Hall & Spilker, PLLC, the City's independent auditors.

Respectfully submitted,


Tim Hacker
City Manager
David R. Empey
Finance Division Manager

CITY OF MESQUITE
Fiscal Year 2007-2008
Directory of Officials and Advisory Bodies

City Council

Term Expires

Susan M. Holecheck, Mayor	June 30, 2011
David Bennett, Council Member	June 30, 2011
Randy Ence, Council Member	June 30, 2011
Karl Gustavson, Council Member	June 30, 2009
Robert "Bubba" Smith, Council Member	June 30, 2009
Bill Wells, Council Member	June 30, 2009

Committees and Commissions

Airport Advisory Task Force
Architectural Review Committee
Arts Council
Citizens Transportation Technical Committee
Economic Development Commission
Golf Course Task Force
Master Plan Update Committee
Minority & Ethnic Relations Committee
Veterans Commission
Virgin Valley Artists Association
Virgin Valley Historical Committee

***Appointed Officials and Department Heads**

Tim Hacker	*City Manager
Cheryl T. Hunt	*Acting City Attorney
Carol Woods	*City Clerk / Treasurer
Ron Dodd	*Municipal Court Judge
Douglas Law	*Chief of Police
Allen Bell	City Engineer & Economic Development Director
Bill Tanner	Director of Public Works
Catherine J. Lorbeer	Director of Planning, Zoning and Redevelopment
David R. Empey	Finance Division Manager
Derek Hughes	Fire Chief
Mikeil G. Callahan	Human Resources Director/Public Information
Kurt Sawyer	Director of Building and Capital Projects

FINANCIAL SECTION

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MEMBERS:

CHAD B. ATKINSON
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
TODD B. FELTNER
BRENT R. HALL

KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

Independent Auditors' Report

The Honorable Mayor and
City Council
Mesquite, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesquite, Nevada, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Mesquite's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Mesquite as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2008, on our consideration of the City of Mesquite's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison schedules on pages 46 to 54 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Mesquite, Nevada. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory sections of this report and therefore express no opinion thereon.

A handwritten signature in cursive script that reads "Hinton Burdick Hall & Spilker PLLC".

HINTON, BURDICK, HALL, & SPILKER, PLLC
December 31, 2008

CITY OF MESQUITE, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Mesquite (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. Please read it in conjunction with the accompanying basic financial statements and the transmittal letter beginning on page i.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net assets) by \$197.5 million at the close of the fiscal year.
- Total net assets increased by \$19.4 million.
- Land sales of \$5.1 million, taxes and other governmental revenues exceeded governmental expenses by \$14.6 million.
- Total revenues from all sources were \$48.1 million and the total cost of all City programs was \$28.7 million
- The City received grants of \$2.8 million in the Sewer Fund.
- The General Fund revenues exceeded expenditures, excluding transfers, by \$4.3 million.
- Actual resources received in the General Fund were less than final budget by \$926,446 while actual expenditures were \$3.4 million less than the final budget.
- At the end of the current fiscal year, unreserved and designated fund balances for the General Fund were \$1.56 million and \$5.89 million respectively, or 41.4% of total General Fund expenditures, excluding transfers.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities (Government-wide)

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. Net assets, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial

factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Assets and the Statement of Activities, present information about the following:

- Government activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, judicial, public works, health and sanitation, welfare, culture and recreation, community support and interest on long-term debt. Consolidated tax, property taxes, room taxes, investment earnings and other taxes finance most of these activities.
- Proprietary activities/Business type activities – The City charges a fee to customers to cover all of most of the cost of the services provided. The City's Sanitation system is reported in this category.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two kinds of funds, *governmental* and *proprietary*, use different accounting approaches as explained below.

- Governmental funds – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* accounting method, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation included with the Basic Financial Statements and in footnote 2.
- *Proprietary funds* – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, donations for a specific purpose and others. These fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. The City is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the City's other financial statements because the assets cannot be used to finance operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$197.6 million as of June 30, 2008 as shown in the following condensed statement of net assets. The City has chosen to account for its sanitation operations in an enterprise fund which is shown as Business Activities.

City of Mesquite, Nevada Statement of Net Assets						
	Governmental activities		Business-type activities		Combined Total	
	6/30/2008	6/30/2007	6/30/2008	6/30/2007	6/30/2008	6/30/2007
Current and other assets	\$ 104,083,020	\$ 81,908,925	\$ 4,815,239	\$ 6,487,341	\$ 108,898,259	\$ 88,396,266
Capital assets	106,855,647	85,338,415	35,706,700	31,135,876	142,562,347	116,474,291
Total assets	<u>210,938,667</u>	<u>167,247,340</u>	<u>40,521,939</u>	<u>37,623,217</u>	<u>251,460,606</u>	<u>204,870,557</u>
Long-term liabilities outstanding	28,992,259	14,755,716	3,895,379	4,582,134	32,887,638	19,337,850
Other liabilities	20,111,936	5,409,421	927,017	1,978,520	21,038,953	7,387,941
Total liabilities	<u>49,104,195</u>	<u>20,165,137</u>	<u>4,822,396</u>	<u>6,560,654</u>	<u>53,926,591</u>	<u>26,725,791</u>
Net assets:						
Invested in capital assets, net of related debt	77,730,968	69,721,105	31,191,707	25,954,849	108,922,675	95,675,954
Restricted	12,895,563	11,729,261	67,141	63,986	12,962,704	11,793,247
Unrestricted	71,207,941	65,631,837	4,440,695	5,043,728	75,648,636	70,675,565
Total net assets	<u>\$ 161,834,472</u>	<u>\$ 147,082,203</u>	<u>\$ 35,699,543</u>	<u>\$ 31,062,563</u>	<u>\$ 197,534,015</u>	<u>\$ 178,144,766</u>

Governmental Activities

The cost of all Governmental activities this year was \$26,254,589. As shown on the statement of Changes in Net Assets on the following page, \$7,466,738 of this cost was paid for by those who directly benefited from the programs; \$6,340,271 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$13,807,009. General taxes, land sales and investment earnings totaled \$27,141,955.

The City's programs include: General Government, Public Safety, Judicial, Public Works, Health and Sanitation, Welfare, Culture and Recreation and Community Support and Development. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

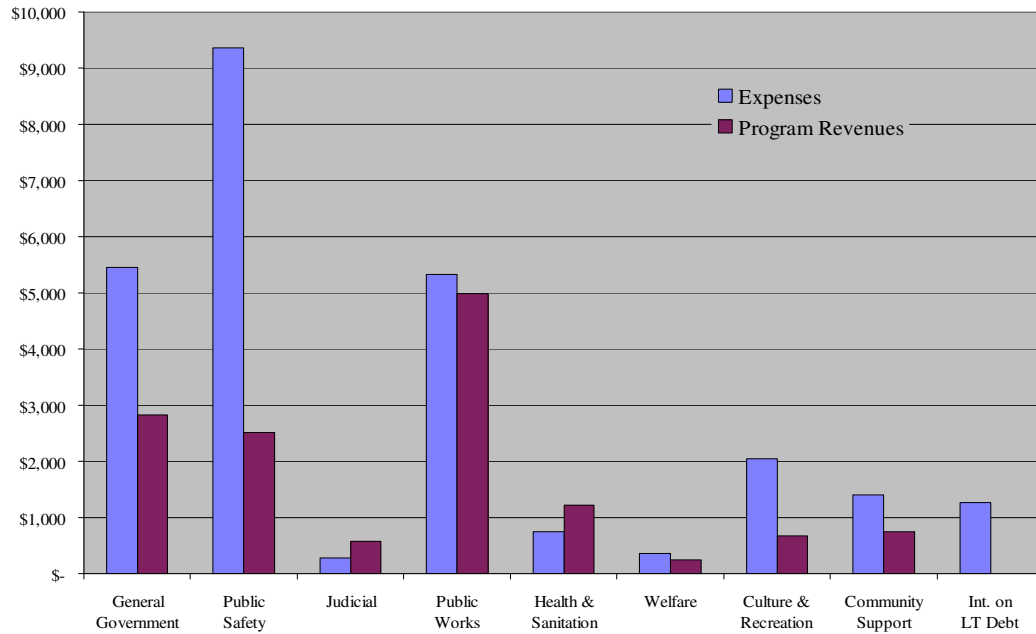
City of Mesquite, Nevada
Changes in Net Assets

	Governmental activities		Business-type activities		Combined Total	
	6/30/2008	6/30/2007	6/30/2008	6/30/2007	6/30/2008	6/30/2007
Revenues:						
Program revenues:						
Charges for services	\$ 7,466,738	\$ 7,794,319	\$ 1,837,311	\$ 1,789,452	\$ 9,304,049	\$ 9,583,771
Operating grants and contributions	1,724,154	2,023,386	-	-	1,724,154	2,023,386
Capital grants and contributions	4,616,117	7,096,732	4,656,583	7,439,709	9,272,700	14,536,441
General revenues:						
State consolidated taxes	8,913,962	9,108,527	-	-	8,913,962	9,108,527
Other taxes	10,429,295	8,769,322	421,277	407,730	10,850,572	9,177,052
Gain on sale of Capital Assets	5,108,963	35,130,185	-	-	5,108,963	35,130,185
Other	2,647,625	1,350,378	238,685	303,415	2,886,310	1,653,793
Total revenues	40,906,854	71,272,849	7,153,856	9,940,306	48,060,710	81,213,155
Expenses:						
General government	5,450,007	4,008,519	-	-	5,450,007	4,008,519
Public safety	9,359,794	7,100,296	-	-	9,359,794	7,100,296
Judicial	287,229	266,736	-	-	287,229	266,736
Public works	5,326,306	7,423,818	-	-	5,326,306	7,423,818
Health and sanitation	745,928	767,450	-	-	745,928	767,450
Welfare	357,944	301,808	-	-	357,944	301,808
Culture and recreation	2,045,086	1,846,680	-	-	2,045,086	1,846,680
Community support	1,412,955	2,222,595	-	-	1,412,955	2,222,595
Interest on long-term debt	1,269,340	717,446	-	-	1,269,340	717,446
Sewer	-	-	2,416,872	2,276,489	2,416,872	2,276,489
Total expenses	26,254,589	24,655,348	2,416,872	2,276,489	28,671,461	26,931,837
Increase in net assets before transfers	14,652,265	46,617,501	4,736,984	7,663,817	19,389,249	54,281,318
Transfers	100,004	-	(100,004)	-	-	-
Increase in net assets	14,752,269	46,617,501	4,636,980	7,663,817	19,389,249	54,281,318
Net assets, beginning	147,082,203	100,464,702	31,062,563	23,398,746	178,144,766	123,863,448
Net assets, ending	\$ 161,834,472	\$ 147,082,203	\$ 35,699,543	\$ 31,062,563	\$ 197,534,015	\$ 178,144,766

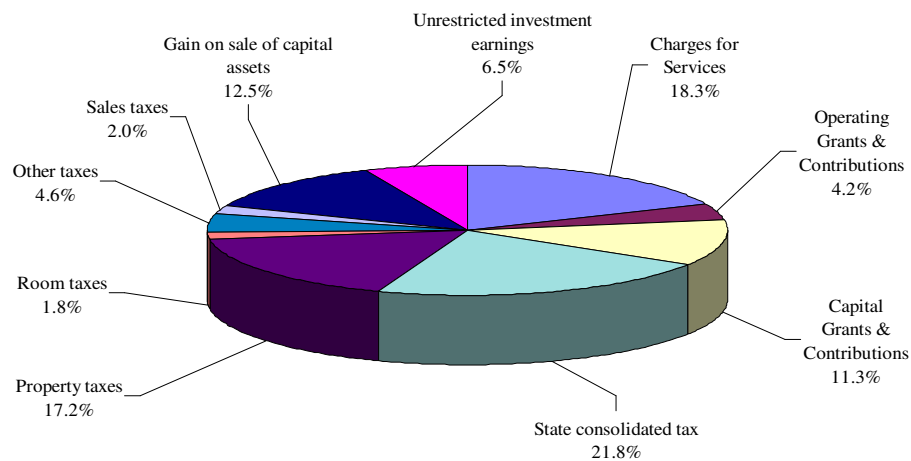
Total resources available during the year to finance governmental operations were \$187.9 million consisting of Net assets at July 1, 2007 of \$147 million, program revenues of \$13.8 million and General Revenues of \$27.1 million. Total Governmental Activities during the year were \$26.3 million; thus Governmental Net Assets were increased by \$14.8 million to \$161.8 million.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

Expenses and Program Revenues - Governmental Activities
(in Thousands)



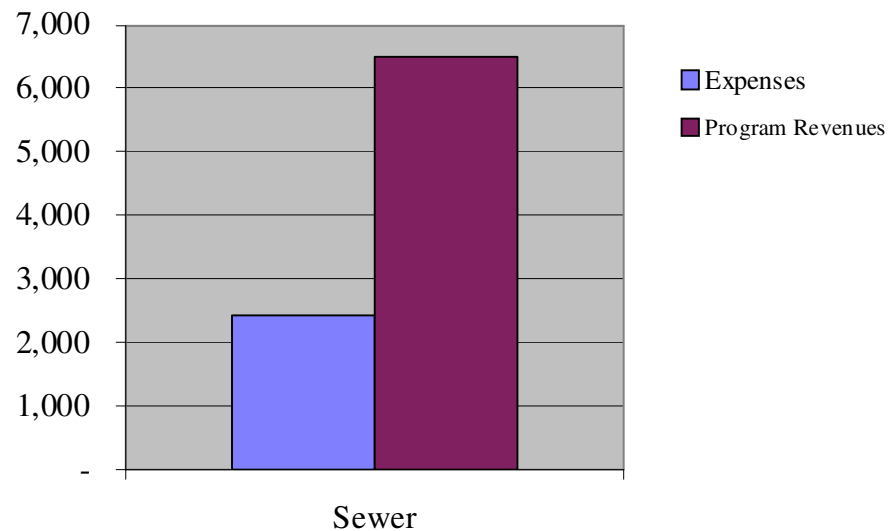
Revenue By Source - Governmental Activities



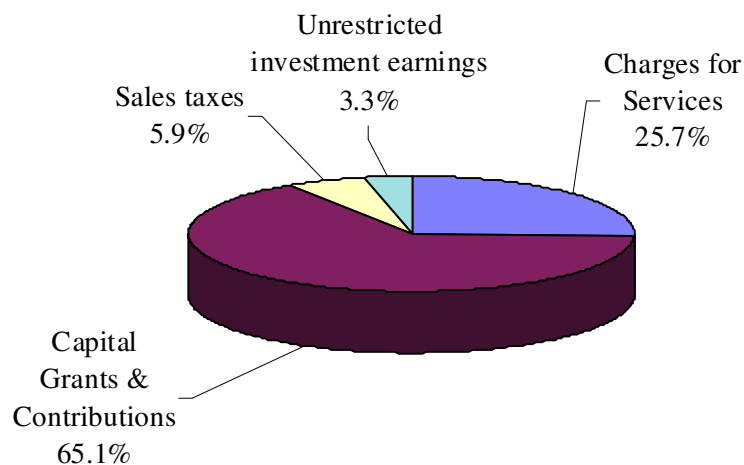
Business Type Activities

Net assets of the Business Type activities at June 30, 2008, as reflected in the Statement of Net Assets were \$35.7 million. The cost of providing all Proprietary (Business Type) activities this year was \$2.4 million. As shown in the statement of Changes in Net Assets, the amounts paid by users of the system were \$1.8 million and \$4.6 million was subsidized by capital grants and contributions. Intergovernmental revenue totaled \$421,277 and other revenue totaled \$238,685; thus, Net Assets increased by \$4.6 million.

Expenses and Program Revenues - Business- type Activities
(in Thousands)



Revenue By Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Mesquite uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City of Mesquite's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Mesquite's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Mesquite's governmental funds reported combined ending fund balances of \$53.7 million, an increase of \$24.3 million in comparison with the prior year. Approximately, 43% of this total amount or \$23 million constitutes unreserved, undesignated fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is reserved or designated because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the City of Mesquite. At the end of the current fiscal year, unreserved, undesignated fund balance in the general fund was \$5.89 million, and total fund balance is \$8.12 million. As a measure of liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Total fund balance and unreserved, undesignated fund balance represents 45% of total general fund expenditures. During the year, the City of Mesquite's general fund balance increased by \$3.2 million. Key factors in this increase are as follows:

- Revenues increased by \$1,127,000 primarily in property / room tax revenues and interest earnings.
- Departmental expenditures increased \$1,988,752 primarily in Public Safety and Public Works.
- Net transfers decreased from prior years.

The debt service funds have total combined fund balances of \$13,235,029, all of which is reserved and designated for debt service. The increase in fund balance over the prior year is mainly due to the SID Bonds, Series 2007 that were issued during the year that had not all been expended by year-end.

The General Capital Projects fund has a total fund balance of \$12,919,771, all of which is reserved for various capital construction and maintenance projects. The increase in fund balance over the prior year is mainly due to the land sales that occurred during the year.

The Redevelopment District fund has a total fund balance of \$5,753,667, all of which is reserved for specific use.

Proprietary funds: The City of Mesquite's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Total net assets of the Sewer fund were \$35,699,543 consisting of \$31,191,707 invested in capital assets, net of \$4,582,134 related debt.

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$3.4 million greater than actual expenditures. The budget to actual variance in appropriations was principally due to delivery of the FY2008 budgeted goods and services in the current year by General Government, Public Works and Public Safety departments. Actual revenues were less than the final budget resulting in a \$926,446 shortfall.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2008, net capital assets of the government activities totaled \$106.9 million and the net capital assets of the business-type activities totaled \$35.7 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

The City's three year Capital Improvement Plan projects spending of approximately \$224,363,800 million through fiscal year 2008-2011. Funding will come from current fund balances, grants, projected revenue, intergovernmental revenue, debt issuance and private participation over the next three years. The most significant projects include construction of new roadways, freeway interchanges, water detention basins, sewer treatment plant, land acquisition and business park development. Also projected for continued development are the new Airport and Regional Park.

Debt

At year-end, the City had \$30.3 million in governmental type debt, and \$4.6 million in proprietary debt. The debt is a liability of the government and amounts to \$1,858 per capita. During the current fiscal year, the City issued \$15,250,000 in special improvement district debt. The net increase in the City's total debt was \$13.6 million. (See note 7 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for fiscal year 2008/2009, the City Council and management anticipated General Fund revenue increases of \$820,000 attributed to consolidated taxes, property taxes and licenses/permits while overall budgeted operating expenditures (net of fund transfers) increased \$5.29 million over fiscal year 2007/2008. Of this increase, various Public Safety and Public Works departments were appropriated increases of \$3.32 million. The City's labor contract expires on June 30, 2007 and the City's first year of the current labor contract becomes effective July 1, 2007 which provides for merit pay adjustments. The CIP budget is comparable to fiscal year 2007/2008, with the largest on-going project appropriation for the Regional Park at \$8 million. The City has enjoyed a robust economy from tourism and continued residential development to accommodate an estimated population growth of 6-8%.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at the City of Mesquite, 10 East Mesquite Boulevard, Mesquite, Nevada 89027 or visit us online at <http://www.mesquitenv.gov>

BASIC FINANCIAL STATEMENTS

CITY OF MESQUITE, NEVADA
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 43,911,473	\$ 4,232,731	\$ 48,144,204
Receivables (net of allowance)	50,080,953	515,367	50,596,320
Inventories and prepaids	270,438	-	270,438
Deferred Charges	863,130	-	863,130
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	8,957,026	67,141	9,024,167
Capital assets (net of accumulated depreciation):			
Land	10,275,424	200,056	10,475,480
Buildings and improvements	32,166,412	-	32,166,412
Treatment facilities and improvements	-	22,813,889	22,813,889
Machinery, equipment and vehicles	4,798,809	485,522	5,284,331
Storm drains and inlets	2,655,292	-	2,655,292
Streets and sidewalks	36,940,432	-	36,940,432
Construction in progress	20,019,278	12,207,233	32,226,511
Total assets	<u>210,938,667</u>	<u>40,521,939</u>	<u>251,460,606</u>
Liabilities			
Accounts payable and other current liabilities	2,241,791	240,262	2,482,053
Deferred revenue	16,015,608	-	16,015,608
Interest payable	553,511	-	553,511
Noncurrent liabilities:			
Due within one year	1,301,026	686,755	1,987,781
Due in more than one year	28,992,259	3,895,379	32,887,638
Total liabilities	<u>49,104,195</u>	<u>4,822,396</u>	<u>53,926,591</u>
Net Assets			
Invested in capital assets, net of related debt	77,730,968	31,191,707	108,922,675
Restricted for:			
Debt service	-	67,141	67,141
Capital projects	12,782,788	-	12,782,788
Legal restrictions	112,775	-	112,775
Other purposes	-	-	-
Unrestricted	71,207,941	4,440,695	75,648,636
Total Net Assets	<u>\$ 161,834,472</u>	<u>\$ 35,699,543</u>	<u>\$ 197,534,015</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 5,450,007	\$ 2,091,879	\$ 537,692	\$ 205,160	\$ (2,615,276)	\$ -	\$ (2,615,276)
Public safety	9,359,794	1,901,048	224,974	385,151	(6,848,621)	-	(6,848,621)
Judicial	287,229	576,051	-	-	288,822	-	288,822
Public works	5,326,306	1,086,315	-	3,905,806	(334,185)	-	(334,185)
Health and sanitation	745,928	1,215,317	-	-	469,389	-	469,389
Welfare	357,944	79,655	177,178	-	(101,111)	-	(101,111)
Culture and recreation	2,045,086	516,473	35,576	120,000	(1,373,037)	-	(1,373,037)
Community support and development	1,412,955	-	748,734	-	(664,221)	-	(664,221)
Interest on long-term debt	1,269,340	-	-	-	(1,269,340)	-	(1,269,340)
Total governmental activities	26,254,589	7,466,738	1,724,154	4,616,117	(12,447,580)	-	(12,447,580)
Business-type activities:							
Sewer	2,416,872	1,837,311	-	4,656,583	-	4,077,022	4,077,022
Total business-type activities	2,416,872	1,837,311	-	4,656,583	-	4,077,022	4,077,022
General Revenues:							
Taxes:							
State consolidated tax					8,913,962	-	8,913,962
Property taxes					7,016,868	-	7,016,868
Room taxes					721,560	-	721,560
Other taxes					1,877,198	-	1,877,198
Sales taxes					813,669	421,277	1,234,946
Gain on sale of capital assets					5,108,963	-	5,108,963
Unrestricted investment earnings					2,647,625	238,685	2,886,310
Transfers					100,004	(100,004)	-
Total general revenues & transfers					27,199,849	559,958	27,759,807
Change in net assets					14,752,269	4,636,980	19,389,249
Net assets - beginning					147,082,203	31,062,563	178,144,766
Net assets - ending					\$ 161,834,472	\$ 35,699,543	\$ 197,534,015

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	
			<u>General Capital Projects Fund</u>	<u>Redevelopment District Fund</u>
Assets				
Cash and cash equivalents	\$ 6,796,262	\$ 11,631,399	\$ 12,457,041	\$ 6,458,282
Receivables:				
Property taxes	-	-	-	27,953
Interest receivable	432,671	4,442	-	-
Assessments receivable	-	20,083,262	-	-
Other	142,206	-	26,394,746	414
Due from other governments	2,220,617	-	-	-
Due from other funds	182,935	-	690,000	-
Inventories and prepaids	219,839	12,420	-	-
Restricted Cash and cash equivalents	-	1,745,460	-	-
Total assets	<u>\$ 9,994,530</u>	<u>\$ 33,476,983</u>	<u>\$ 39,541,787</u>	<u>\$ 6,486,649</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 507,950	\$ 24,954	\$ 227,269	\$ 42,982
Accrued liabilities	621,088	17,246	-	-
Due to other funds	-	94,194	-	690,000
Due to other governments	318,377	-	-	-
Deferred revenue	431,416	20,105,560	26,394,747	-
Total liabilities	<u>1,878,831</u>	<u>20,241,954</u>	<u>26,622,016</u>	<u>732,982</u>
Fund Balances:				
Reserved for:				
Encumbrances	564,966	-	1,414,697	63,668
Debt service	104,854	2,610,674	-	-
Capital outlay	-	10,624,355	-	-
Other	-	-	-	-
Unreserved, designated for future years	5,889,139	-	-	520,274
Unreserved, reported in:				
General fund	1,556,740	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	11,505,074	5,169,725
Total fund balances	<u>8,115,699</u>	<u>13,235,029</u>	<u>12,919,771</u>	<u>5,753,667</u>
Total liabilities and fund balance	<u>\$ 9,994,530</u>	<u>\$ 33,476,983</u>	<u>\$ 39,541,787</u>	<u>\$ 6,486,649</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Some liabilities, including bonds payable, capital leases, and interest payable are not due and payable in the current period and therefore are not reported in the funds.

Deferred revenue associated with special assessments and the sale of land is recorded as income in the government wide statements.

Net assets of governmental activities

The accompanying notes are an integral part of the financial statements.

Other Governmental Funds	Total Governmental Funds	
\$ 6,568,489	\$ 43,911,473	
-	27,953	
-	437,113	
-	20,083,262	
44,587	26,581,953	
730,055	2,950,672	
-	872,935	
38,179	270,438	
7,211,566	8,957,026	
<u>\$ 14,592,876</u>	<u>\$ 104,092,825</u>	
\$ 481,925	\$ 1,285,080	
-	638,334	
88,741	872,935	
-	318,377	
311,894	47,243,617	
<u>882,560</u>	<u>50,358,343</u>	
2,018,179	4,061,510	
-	2,715,528	
5,317,396	15,941,751	
6,428	6,428	
1,602,649	8,012,062	
-	1,556,740	
841,379	841,379	
3,924,285	20,599,084	
<u>13,710,316</u>	<u>53,734,482</u>	
<u>\$ 14,592,876</u>		
	106,855,647	
	(29,983,666)	
	31,228,009	
	<u>\$ 161,834,472</u>	

CITY OF MESQUITE, NEVADA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	Debt Service Fund	Capital Projects	
			General Capital Projects Fund	Redevelopment District Fund
Revenues				
Taxes	\$ 3,953,804	\$ -	\$ -	\$ 3,784,624
Licenses, permits and fees	2,588,074	-	-	-
Intergovernmental revenue	11,332,138	-	268,621	-
Charges for services	2,071,989	-	-	-
Fines and forfeitures	544,211	-	-	-
Special Assessments	-	534,208	-	-
Investment earnings	1,564,739	34,285	-	363,957
Other revenues	264,644	375,405	25,310,536	-
Total revenues	22,319,599	943,898	25,579,157	4,148,581
Expenditures				
Current:				
General government	3,132,082	733,413	79,557	-
Public safety	8,013,339	-	-	-
Judicial	265,007	-	-	-
Public works	3,976,393	-	-	-
Health and sanitation	719,226	-	-	-
Welfare	-	-	-	-
Culture and recreation	1,580,432	-	-	-
Community support and development	317,930	-	-	311,424
Contingencies	-	-	-	-
Debt service:				
Principal	-	1,030,075	-	-
Interest	-	879,803	-	-
Capital outlay	-	4,771,243	15,038,566	1,646,409
Total expenditures	18,004,409	7,414,534	15,118,123	1,957,833
Excess (deficiency) of revenues over (under) expenditures	4,315,190	(6,470,636)	10,461,034	2,190,748
Other Financing Sources (Uses)				
Debt issued	-	15,250,000	-	-
Transfers in	2,010,947	2,112,412	-	-
Transfers out	(3,111,948)	-	(3,500,001)	(2,487,328)
Total other financing sources and uses	(1,101,001)	17,362,412	(3,500,001)	(2,487,328)
Net change in fund balances	3,214,189	10,891,776	6,961,033	(296,580)
Fund balances, beginning of year	4,901,510	2,343,253	5,958,738	6,050,247
Fund balances, end of year	\$ 8,115,699	\$ 13,235,029	\$ 12,919,771	\$ 5,753,667

The accompanying notes are an integral part of the financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,313,928	\$ 9,052,356
226,097	2,814,171
2,495,538	14,096,297
681,600	2,753,589
9,767	553,978
-	534,208
377,696	2,340,677
28,507	25,979,092
<u>5,133,133</u>	<u>58,124,368</u>
12,702	3,957,754
765,753	8,779,092
-	265,007
286,154	4,262,547
-	719,226
352,940	352,940
162,647	1,743,079
717,831	1,347,185
-	-
236,000	1,266,075
22,786	902,589
<u>4,054,313</u>	<u>25,510,531</u>
<u>6,611,126</u>	<u>49,106,025</u>
<u>(1,477,993)</u>	<u>9,018,343</u>
-	15,250,000
5,111,536	9,234,895
<u>(35,615)</u>	<u>(9,134,892)</u>
<u>5,075,921</u>	<u>15,350,003</u>
3,597,928	24,368,346
<u>10,112,388</u>	<u>29,366,136</u>
<u>\$ 13,710,316</u>	<u>\$ 53,734,482</u>

CITY OF MESQUITE, NEVADA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 24,368,346
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	21,691,862
Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain on the sale of capital assets is reported net of its net book value.	(174,630)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of land sales sold on installment in the current year net of current year payments.	(16,744,873)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,265,885
Issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net assets.	(15,250,000)
Special Assessments do not provide current financial resources in the governmental funds and are deferred while they are recognized as revenue in the statement of activities.	(303,174)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	571,080
Accrued Interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. The adjustment reflects the change in interest payable	(366,751)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(305,476)
Change in net assets of governmental activities	<u><u>\$ 14,752,269</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 4,190,000	\$ 4,190,000	\$ 3,953,804	\$ (236,196)
Licenses, permits and fees	3,375,000	3,375,000	2,588,074	(786,926)
Intergovernmental revenue	12,478,280	12,524,545	11,332,138	(1,192,407)
Charges for services	1,816,500	1,816,500	2,071,989	255,489
Fines and forfeitures	400,000	400,000	544,211	144,211
Investment earnings	560,000	560,000	1,564,739	1,004,739
Other revenues	380,000	380,000	264,644	(115,356)
Total revenues	23,199,780	23,246,045	22,319,599	(926,446)
Expenditures				
Current:				
General government	3,738,585	3,886,753	3,132,082	754,671
Judicial	264,260	264,260	265,007	(747)
Public safety	9,144,600	8,868,748	8,013,339	855,409
Public works	4,927,332	5,116,222	3,976,393	1,139,829
Health and sanitation	884,822	909,890	719,226	190,664
Culture and recreation	1,506,800	1,690,867	1,580,432	110,435
Community support and development	410,220	422,218	317,930	104,288
Contingencies	250,000	250,000	-	250,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	21,126,619	21,408,958	18,004,409	3,404,549
Excess (deficiency) of revenues over (under) expenditures	2,073,161	1,837,087	4,315,190	2,478,103
Other Financing Sources (Uses)				
Transfers in	2,011,822	2,011,822	2,010,947	(875)
Transfers out	(3,122,750)	(3,583,982)	(3,111,948)	472,034
Total other financing sources and uses	(1,110,928)	(1,572,160)	(1,101,001)	471,159
Net change in fund balance	962,233	264,927	3,214,189	2,949,262
Fund balances, beginning of year	4,901,510	4,901,510	4,901,510	-
Fund balances, end of year	\$ 5,863,743	\$ 5,166,437	\$ 8,115,699	\$ 2,949,262

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Net Assets
Proprietary Fund
June 30, 2008

	<u>Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 4,232,731
Receivables, net of allowance	-
Due from other governments	515,367
Total current assets	<u>4,748,098</u>
Noncurrent assets:	
Restricted cash and cash equivalents	67,141
Capital assets:	
Land and easements	200,056
Treatment facilities and improvements	29,075,157
Machinery, equipment and vehicles	1,083,894
Construction-in-progress	12,207,233
Less accumulated depreciation	<u>(6,859,640)</u>
Total noncurrent assets	<u>35,773,841</u>
Total assets	<u>40,521,939</u>
Liabilities	
Current liabilities:	
Accounts payable	168,523
Accrued liabilities	71,739
Due to other governments	-
Current portion of noncurrent liabilities	686,755
Total current liabilities	<u>927,017</u>
Noncurrent liabilities:	
Bonds payable	4,582,134
Less current portion of noncurrent liabilities	<u>(686,755)</u>
Total noncurrent liabilities	<u>3,895,379</u>
Total liabilities	<u>4,822,396</u>
Net Assets	
Invested in capital assets, net of related debt	31,191,707
Restricted for debt service	67,141
Unrestricted	4,440,695
Total net assets	<u>\$ 35,699,543</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2008

	<u>Sewer Fund</u>
Operating revenues	
Service fees	\$ 1,661,903
Other revenues	<u>175,408</u>
Total operating revenues	<u>1,837,311</u>
Operating expenses	
Salaries	473,560
Employee benefits	202,405
Service, supplies and other	786,752
Capital outlay	-
Depreciation	<u>772,955</u>
Total operating expenses	<u>2,235,672</u>
Operating income (loss)	<u>(398,361)</u>
Nonoperating revenues (expenses)	
Connection fees	1,053,776
Interest income	238,685
Sales tax revenue	421,277
Grant revenue	2,800,877
Loss on disposal of fixed assets	-
Interest expense	<u>(181,200)</u>
Total nonoperating revenues (expenses)	<u>4,333,415</u>
Income (loss) before contributions and transfers	3,935,054
Capital contributions	801,930
Transfers out	<u>(100,004)</u>
Change in net assets	4,636,980
Total net assets, beginning of year	<u>31,062,563</u>
Total net assets, end of year	<u><u>\$ 35,699,543</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2008

	<u>Sewer Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers, service fees	\$ 2,066,006
Cash received from customers, capacity fees and other	175,408
Cash paid to suppliers	(1,796,014)
Cash paid to employees	(675,978)
Net cash flows from operating activities	<u>(230,578)</u>
Cash Flows From Noncapital Financing Activities:	
Transfer to other funds	<u>(100,004)</u>
Cash Flows From Capital and Related Financing Activities:	
Sales taxes	421,277
Grant revenue	2,800,877
Principal payments on bonds	(662,879)
Interest paid	(181,200)
Purchase of fixed assets	(4,541,847)
Connection fees	1,053,776
Net cash flows from capital and related financing activities	<u>(1,109,996)</u>
Cash Flows From Investing Activities:	
Interest on investments	<u>238,685</u>
Net change in cash and cash equivalents	<u>(1,201,893)</u>
Cash and cash equivalents, beginning of year	<u>5,501,765</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,299,872</u></u>
Reconciliation of operating income to net cash flows from operating activities:	
Net operating income (loss)	\$ (398,361)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation/amortization	772,955
Changes in operating assets and liabilities:	
(Increase) Decrease in receivables	404,103
Increase (Decrease) in accounts payable	(1,009,262)
Increase (Decrease) in accrued liabilities	<u>(13)</u>
Net cash flows from operating activities	<u><u>\$ (230,578)</u></u>
Noncash investing, capital, and financing activities:	
Contributions of capital assets from developers	\$ 801,930

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2008

	<u>Trust & Agency Fund</u>
Assets	
Current assets:	
Restricted cash and cash equivalents	\$ 173,858
Total Assets	<u>173,858</u>
 Liabilities	
Current liabilities:	
Contractor deposit	157,603
Armored car deposit	-
Veterans memorial deposits	355
Sign permits	2,000
Animal shelter	-
Hanger lease	4,150
Narcotics task force	-
Asset forfeiture task force	2,080
Sanitation cash bond deposit	3,463
Inmate commissary fund	4,141
Veterans day parade	66
Total liabilities	<u>173,858</u>
 Net Assets	
Total net assets	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies

General

The financial statements of the City of Mesquite, Nevada have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is whether or not the City exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the City. Based upon the application of these criteria, there are no separate component units combined to form the reporting entity.

The accompanying financial statements include all activities of the City.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies, Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of a related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, room taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The **Debt service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies, Continued

The **General Capital Projects Fund** accounts for the resources accumulated and payments made for construction and expansion of any City projects not accounted for in any other capital projects fund.

The **Redevelopment District Fund** is used to account for the resources accumulated and payments made for costs incurred on City redevelopment projects.

The City reports the following major proprietary fund:

The **Sewer Utility Fund** accounts for the activities related to the City's sewer treatment operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by the Sewer Fund for the providing of administrative and billings services for that fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services.

Operating expenses for the Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted assets are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies, Continued

Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by Nevada State Statutes. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds." In the City Sewer fund, billings are done in advance on a quarterly basis. The City records sewer revenues on a quarterly basis as the revenue is earned. An allowance for uncollectible accounts is deemed immaterial and has not been recorded.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Treatment facilities and improvements	40 years
Machinery and equipment	7 to 10 years
Storm drains and inlets	40 years
Streets and sidewalks	20 years
Signs	40 years

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies, Continued

Inventories

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories for the Sewer Fund consist principally of materials used in the repair of the collection and treatment system and are deemed immaterial and thus, not recorded.

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds Payable	\$ 28,778,843
Add: Issuance premium	67,088
Less: Deferred charge for issuance costs (to be amortized as interest expense)	(863,130)
Compensated absences	1,447,354
Accrued interest payable	<u>553,511</u>
Net adjustment to decrease fund balance -- total governmental funds to arrive at net assets of governmental activities	<u><u>\$ 29,983,666</u></u>

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 26,061,863
Depreciation expense	<u>(4,370,001)</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 21,691,862</u></u>

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements, Continued

Another element of the reconciliation states governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Amortization of debt issue costs	\$ (48,846)
Current year debt issue costs	614,766
Amortization of premium on GO Bonds	<u>5,160</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 571,080</u></u>

NOTE 3. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The City uses the following procedures to establish, modify and control the budgetary data presented in the financial statements. Prior to April 15, the City submits to the Nevada State Department of Taxation, the tentative budget for the next fiscal year, commencing on July 1. The budget, as submitted, contains the proposed expenditures and means of financing them. The Nevada State Department of Taxation notifies the City of its acceptance of the budget. Public hearings are conducted on the third Tuesday in May. After all changes have been noted and hearings closed, the City Council adopts the budget on or before June 1.

The City Budget Officer is authorized to transfer budgeted amounts within functions or funds, but any other transfer must be approved by the City Council. Increases to a fund's budget (augmentations), other than by transfers, are accomplished through formal Council action. Statutory regulations require budget control to be exercised at the function level within a fund or at the fund level. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, Enterprise Funds and Capital Projects Funds.

The governmental fund budgets are prepared using the modified accrual basis of accounting. All unencumbered annual appropriations lapse at fiscal year end in governmental funds. Budgets for the proprietary fund types are prepared using the accrual basis of accounting. All annual appropriations lapse at fiscal year end in proprietary funds.

During the current fiscal year there were amendments and/or augmentations made to the budget.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 3. Stewardship, Compliance, and Accountability, Continued

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the City. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred.

Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

Property Tax Calendar

Taxes on real property are levied on July 1st of each year and are due on the third Monday in July. They can be paid in quarterly installments on or before the third Monday in July, first Monday in October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10 percent per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

Article X, Section 2, of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the county, the county school district, the State, and any other city, town, or special district) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed.

The 1979 Nevada Legislature enacted provisions whereby, commencing July 1, 1979, the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation (as thereafter annually adjusted).

The 1981 Legislature enacted "tax shift" legislation designed to further reduce the level of property taxes collected throughout the State. The additional revenue is being distributed to local governmental units in order to reduce the revenues they would otherwise be required to generate from property taxes for operating purposes.

Delinquent taxes receivable not collected within sixty days after year-end are normally recorded as deferred revenue as they are not available to pay liabilities of the current period. However, delinquent taxes receivable as of year-end were not deemed material and have not been recorded.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 4. Cash and Investments

A reconciliation of cash and investments to the government-wide statement of net assets is as follows:

Cash and cash equivalents	\$ 48,144,204
Restricted cash and cash equivalents	9,024,167
Trust and Agency Fund monies	173,858
	<u>\$ 57,342,229</u>

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2008, the carrying amount of the City's deposits was \$15,044,561 and the bank balance, including cash on hand, was \$12,776,771. At June 30, 2008, none of the City's bank balance of \$12,776,771 was exposed to custodial credit risk because it was uninsured and/or collateralized.

Investments

The Nevada State Treasurer's Office operates the Local Government Pooled Investment Fund (LGPIF). The LGPIF is available for investment of funds administered by any Nevada Public Treasurer.

The LGPIF is not registered with the SEC as an investment company. Deposits in the LGPIF are not insured or otherwise guaranteed by the State of Nevada, and participants share proportionally in any realized gain or losses on investments.

The provisions of State Law (NRS 355.170) govern the investment of public funds.

As of June 30, 2008 the government had the following investments and maturities:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	32,945,523	8,461,254	24,484,269	-	-
Nevada Local Government Pooled Investment Fund	9,351,844	9,351,844	-	-	-
Total Fair Value	<u>\$ 42,297,366</u>	<u>\$ 17,813,098</u>	<u>\$ 24,484,269</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 4. Cash and Investments, Continued

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (NRS 355.170).

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with State law (NRS 355.170).

At June 30, 2008 the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
U.S. Treasuries	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	32,945,523	32,945,523	-	-	-
Nevada Local Government Pooled Investment Fund	9,351,844	-	-	-	9,351,844
Total Fair Value	<u>\$ 42,297,366</u>	<u>\$ 32,945,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,351,844</u>

NOTE 5. Due from other Governments

The \$2,220,617 due from other governments shown in the General Fund are amounts due from the U.S. Government, State of Nevada, Clark County and other local governmental units for grants and various taxes that are measurable and available per GASB.

The \$730,055 due from other governments as shown in the Nonmajor funds are amounts due from the U.S. Government and the State of Nevada for grants and other reimbursements that were measurable and available per GASB.

The \$515,367 due from other governments shown in the Sewer Utility Fund are amounts due from the U.S. Government and Southern Nevada Water Authority for a grant and sales tax distributions.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 6. Capital Assets

Governmental capital asset activity for the year ended June 30, 2008 was as follows:

Governmental Activities:	Balance 6/30/2007	Additions	Deletions	Balance 6/30/2008
Capital assets, not being depreciated:				
Land	\$ 8,897,154	\$ 1,552,900	\$ (174,630)	\$ 10,275,424
Construction in progress	7,294,239	22,868,500	(10,143,461)	20,019,278
Total capital assets, not being depreciated:	16,191,393	24,421,400	(10,318,091)	30,294,702
Capital assets, being depreciated:				
Buildings and improvements	35,276,425	4,370,831	-	39,647,256
Furniture & Equipment	5,369,874	862,500	-	6,232,374
Vehicles & Equipment	5,077,244	951,275	-	6,028,519
Storm drains and inlets	3,287,247	250,166	-	3,537,413
Streets and sidewalks	47,408,887	5,349,152	-	52,758,039
Total capital assets, being depreciated:	96,419,677	11,783,924	-	108,203,601
Less accumulated depreciation for:				
Buildings and improvements	(6,577,858)	(902,986)	-	(7,480,844)
Furniture & Equipment	(3,521,734)	(641,892)	-	(4,163,626)
Vehicles & Equipment	(2,841,737)	(456,721)	-	(3,298,458)
Storm drains and inlets	(795,940)	(86,181)	-	(882,121)
Streets and sidewalks	(13,535,386)	(2,282,221)	-	(15,817,607)
Total accumulated depreciation	(27,272,655)	(4,370,001)	-	(31,642,656)
Total capital assets, being depreciated, net	69,147,022	7,413,923	-	76,560,945
Governmental activities capital assets, net	<u>\$ 85,338,415</u>	<u>\$31,835,323</u>	<u>\$(10,318,091)</u>	<u>\$ 106,855,647</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental Activities:	
General government	\$ 1,842,560
Public safety	732,281
Judicial	18,465
Public works	1,225,838
Health and sanitation	27,462
Culture and recreation	476,726
Community support	46,669
Total depreciation expense - governmental activities	<u>\$ 4,370,001</u>

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 6. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2008 was as follows:

Business Type Activities:	Balance 6/30/2007	Additions	Deletions	Balance 6/30/2008
Capital assets not being depreciated:				
Land and land easements	\$ 200,056	\$ -	\$ -	\$ 200,056
Construction in progress	7,858,707	4,348,526	-	12,207,233
Total capital assets, not being depreciated	8,058,763	4,348,526	-	12,407,289
Capital assets being depreciated:				
Sewer system	13,303,396	-	-	13,303,396
Utility lines	14,969,831	801,930	-	15,771,761
Machinery and equipment	414,388	193,321	-	607,709
Vehicles	476,185	-	-	476,185
Total capital assets, being depreciated	29,163,800	995,251	-	30,159,051
Less accumulated depreciation for:				
Sewer system	(3,760,332)	(339,767)	-	(4,100,099)
Utility lines	(1,853,754)	(307,415)	-	(2,161,169)
Machinery and equipment	(294,240)	(80,603)	-	(374,843)
Vehicles	(178,360)	(45,169)	-	(223,529)
Total accumulated depreciation	(6,086,686)	(772,954)	-	(6,859,640)
Total capital assets, being depreciated, net	23,077,114	222,297	-	23,299,411
Business-type activities capital assets, net	<u>\$ 31,135,877</u>	<u>\$ 4,570,823</u>	<u>\$ -</u>	<u>\$ 35,706,700</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Business-Type Activities:	
Sewer	<u>\$ 772,954</u>
Total depreciation expense - business-type activities	<u>\$ 772,954</u>

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 7. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2008.

Governmental activities:

	Balance 6/30/2007	Additions	Retirements	Balance 6/30/2008	Current Portion
General Obligation:					
G.O. Bond Series 2005	\$ 2,596,000	\$ -	\$ 324,700	\$ 2,271,300	\$ 325,600
G.O. Bond Series 2002	4,615,000	-	215,000	4,400,000	225,000
City Hall Note	874,682	-	279,000	595,682	293,000
Medical Facility Note	484,000	-	236,000	248,000	248,000
Add Deferred Amounts:					
For Issuance Premiums	72,248	-	5,160	67,088	-
Accrued Compensated Absences	1,141,878	305,476	-	1,447,354	-
Total General Obligation	9,783,808	305,476	1,059,860	9,029,424	1,091,600
Revenue Obligation:					
Waste Disposal Bond (Federal)	845,046	-	31,185	813,861	19,426
Special Assessment Debt with Government Commitment:					
SID Bonds, Series 2005	5,380,000	-	180,000	5,200,000	190,000
SID Bonds, Series 2007	-	15,250,000	-	15,250,000	-
Total Special Assessment	5,380,000	15,250,000	180,000	20,450,000	190,000
Total Governmental activity long-term liabilities	\$ 16,008,854	\$ 15,555,476	\$ 1,271,045	\$ 30,293,285	\$ 1,301,026

Business-type activities:

General Obligation:					
1991 Sewer Bond	\$ 343,540	\$ -	\$ 80,852	\$ 262,688	\$ 84,119
1995 Sewer Bond	3,469,173	-	380,427	3,088,746	394,536
2003 Sewer Bond	1,432,300	-	201,600	1,230,700	208,100
Total business-type activity long-term liabilities	\$ 5,245,013	\$ -	\$ 662,879	\$ 4,582,134	\$ 686,755
Total Long-term Debt	\$ 21,253,867	\$ 15,555,476	\$ 1,933,924	\$ 34,875,419	\$ 1,987,781

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 7. Long-Term Debt, Continued

Bonds and notes payable consist of the following at June 30, 2008:

General Obligation:

General Obligation (Limited Tax) Medium-Term Redevelopment Note Series 2005, due in semiannual principal and interest installments ranging from \$169,750 to \$239,197, bearing interest at 3.6%, maturing April 1, 2015. \$ 2,271,300

General Obligation (Limited Tax) various purpose bonds Series 2002, due in semiannual principal and interest installments ranging from \$10,500 to \$430,500, bearing interest at 4% to 5%, maturing June 1, 2022. 4,400,000

General Obligation (Limited Tax) City Hall Note, due in semiannual principal and interest installments ranging from \$139,133 to \$158,003, bearing interest at 3.6%, maturing February 1, 2010. Original interest rate 4.31%. Reduced the interest rate April 1, 2005. 595,682

General Obligation (Limited Tax) Building (Medical Facility) Note, due in semiannual principal and interest installments ranging from \$5,853 to \$253,853, bearing interest at 4.72%, maturing July 1, 2009. 248,000

Revenue Obligation:

Waste Disposal Revenue Bonds (Federal Debt), Series 1994, due in quarterly principal and interest installments of \$18,724, bearing interest at 5.25%, maturing October 1, 2034. 813,861

Special Assesment Debt:

Special Improvement District Bonds, Series 2005, due in semiannual principal and interest installments ranging from \$370,702 to \$458,470, bearing interest at 3.5% to 5.5%, maturing August 1, 2025. 5,200,000

Special Improvement District Bonds, Series 2007, due in semiannual principal and interest installments ranging from \$795,481 to \$1,148,413, bearing interest at 5.1% to 6.15%, maturing August 1, 2037. 15,250,000

Total Bonds and Notes Payable - Govnermental Activities \$ 28,778,843

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 7. Long-Term Debt, Continued

Sewer General Obligation Bonds

General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 1991, due in semiannual principal and interest installments of \$46,897, bearing interest at 4%, maturing July 1, 2011.	262,688
General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 1995, due in semiannual principal and interest installments of \$252,228, bearing interest at 3.675%, maturing July 1, 2015.	3,088,746
General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 2003, due in semiannual principal and interest installments of \$122,900, bearing interest at 3.2%, maturing November 1, 2013.	<u>1,230,700</u>
Total Bonds and Notes Payable - Business-Type Activities	<u>\$ 4,582,134</u>
Total Bonds and Notes Payable	<u><u>\$ 33,360,977</u></u>

Debt service requirements for bonds and notes payable are as follows:

Fiscal Period Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	1,301,026	1,564,431	686,755	157,326
2010	1,080,948	1,510,500	711,486	132,582
2011	1,029,062	1,463,425	737,095	106,943
2012	1,056,516	1,416,845	668,881	81,313
2013	1,099,432	1,367,938	692,703	57,611
2014-2018	5,161,412	6,075,414	1,085,214	46,632
2019-2023	5,402,119	4,697,394	-	-
2024-2028	4,121,382	3,269,294	-	-
2029-2033	3,871,814	2,122,534	-	-
2034-2038	4,655,132	778,996	-	-
	<u>\$ 28,778,843</u>	<u>\$ 24,266,771</u>	<u>\$ 4,582,134</u>	<u>\$ 582,407</u>

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 8. Interfund Transactions and Balances

The composition of internal balances as of June 30, 2008, is as follows:

		Due From			
		Debt Service	Redevelopment District Fund	Non-major Governmental	Total
Due To	General Fund	\$ 94,194	\$ -	\$ 88,741	\$ 182,935
	General Capital Projects	-	690,000	-	690,000
	Total	<u>\$ 94,194</u>	<u>\$ 690,000</u>	<u>\$ 88,741</u>	<u>\$ 872,935</u>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be repaid within one year.

In the year ended June 30, 2008, the government made the following transfers:

		Transfers From					
		General Fund	Redevelopment District	Capital Projects	Sewer	Non-major Governmental	Total
Transfers To	General Fund	\$ -	\$ 425,328	\$ 1,500,000	\$ 50,004	\$ 35,615	\$ 2,010,947
	Debt Service Fund	800,412	1,312,000	-	-	-	2,112,412
	General Capital Projects	-	-	-	-	-	-
	Redevelopment District	-	-	-	-	-	-
	Non-major Governmental	2,311,536	750,000	2,000,001	\$ 50,000	-	5,111,537
	Total	<u>\$ 3,111,948</u>	<u>\$ 2,487,328</u>	<u>\$ 3,500,001</u>	<u>\$ 100,004</u>	<u>\$ 35,615</u>	<u>\$ 9,234,896</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 9. Equity Classifications

Equity is classified in the government-wide financial statements as net assets and is displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Reservations and designations are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use.

NOTE 10. Defined Benefit Pension Plan

The City of Mesquite (City) is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer program. All full-time employees are covered under the system. In addition, those part-time employees working at least 20 hours per week and more than 120 days are covered, except for those employees who participate in PERS with an employer other than the City. The payroll for employees covered by the system for the year ended June 30, 2008, was \$9,140,168. The City's total payroll was \$9,852,849.

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the Plan include pension benefits, disability benefits, and survivor benefits.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 10. Defined Benefit Pension Plan, Continued

Monthly benefit allowances for members are computed at a percentage of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75 percent of the average compensation. Service credits earned prior to July 1, 2001 are computed at 2.5% and service credit earned after July 1, 2001 is computed at 2.7%. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows retired employees to accept a reduced service retirement allowance payable monthly during their lives and various optional monthly payments to a named beneficiary after their deaths.

Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service, or any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police or fire service, at age 55 with 10 years of accredited police or fire service, at age 50 with 20 years of accredited police or fire service, or at any age with at least 30 years of accredited service. Members who retired on or after July 1, 1977, or are active members whose effective date of membership is before July 1, 1985, and who have 36 years of service are entitled to a benefit of up to 90 percent of their average compensations. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75 percent to a maximum of 90 percent of average compensation. Regular members and members of the Police and Fireman's Retirement Fund become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates are established by NRS 286.465. That statute, which is tied to the increase in taxable sales within the State each year, provides for yearly increases of up to one percent until such time as the actuarially determined unfunded liability of the Plan is reduced to zero.

The City is enrolled in the Employer-Pay Contribution Plan (EPC). Under EPC, contributions are paid on the employee's behalf by his public employer. EPC contributions are not deposited to the individual member's account and are not available for refund upon termination of employment. The EPC contribution rate, through June 30, 2008, was 19.75 percent for regular members and 32.00 percent for police and firemen. The contribution requirement for the year from the City was \$2,309,394. This amount represents 25.27 percent of covered payroll.

The City's contribution represented less than 1 percent of total contributions required of all participating entities of the system.

A copy of the PERS June 30, 2008, annual financial report may be obtained by writing to the Public Employee's Retirement System of Nevada, 693 W. Nye Lane, Carson City, NV 89703-1599, or by calling (775) 687-4200.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 11. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. The City does not report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date, since only that portion of the liability that “would normally be liquidated with expendable available financial resources” would be reported as an expenditure in the general fund. The landfill closure and postclosure care liability at June 30, 2008, is \$613,562 which represents the cumulative amount of closure and postclosure costs to date based on the use of the estimated capacity of the landfill. An estimated 27.88% percent of the landfill capacity had been used by June 30, 2008. The remaining estimated cost of closure and postclosure care is \$2,200,726. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The City expects to close the landfill in the year 2014.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City has passed a resolution which authorizes participation in a landfill financial assurance program established through the Nevada Public Agency Insurance Pool as a mechanism to demonstrate financial responsibility for closure and postclosure care costs. **Because the City has in effect transferred its responsibility for closure and postclosure care costs to another entity through purchase of the insurance policy the above stated liabilities are not reported on the City’s financial statements as per GASB 18.**

NOTE 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk financing activities are accounted for in various operating funds, with unallocated or City-wide activities being accounted for in the general fund.

For the year ended June 30, 2008, the City participated in the Nevada Public Agency Insurance Pool (NPAIP) for property, general liability, law enforcement, auto, public official errors and omissions, employee crime and dishonesty, and boiler and machinery coverage. For airport aviation coverage, the City purchased commercial insurance. The City participates in the Public Agency Compensation Trust, a pool similar to, and administered by, the NPAIP for workers compensation coverage.

The NPAIP, is a public entity risk pool operating as a common risk management and insurance program for approximately 106 Nevada public entities. The NPAIP is self-sustaining through member premiums, and purchases reinsurance through commercial insurance companies for claims in excess of \$250,000 for property risks and \$500,000 for casualty insurance risk for each insured event.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 12. Risk Management, Continued

The NPAIP may make additional assessments to its members if the following conditions are met: losses exceed the excess insurance and reinsurance described above, the loss fund and equity of the pool are both depleted, and the board of directors of the pool authorize a supplemental assessment by a two-thirds vote. Both the loss fund and the equity of the pool currently exceed \$1 million each. Management considers it unlikely that a supplemental assessment will be made.

There have been no significant reductions in coverage from the prior year. Settled claims resulting from these risks have not exceeded the City's coverage, through commercial insurance or pool participation, in any of the past three fiscal years.

NOTE 13. Individual Fund Disclosures

Segment Information

The Sewer Fund accounts for the operation and maintenance of the sewer collection and treatment system. Since the City maintains only one enterprise fund, the segment information is available in the government-wide financial statement.

NOTE 14. Commitments and Contracts

Garbage

The City has a solid waste collection contract with Virgin Valley Disposal, Inc. The contract provides for the collection of residential and commercial solid waste within the City. In connection with the agreement, the City is responsible for the monthly billing, collection, and payment of collections. The City retains a portion of the collections as a franchise fee charged to the contractor. The term of the contract is for 20 years with an option to renew for 20 years, commencing June 4, 2001.

Airport

The City has a contract and lease agreement with an independent contractor for the airport. The City leases at no monetary cost, the office/housing facility, the City hangar, and all fueling related equipment, trucks, and storage tanks, for the exclusive use by the independent contractor for the term of the contract. The independent contractor is to provide the operation and maintenance of a fixed base aircraft operator to the public. The term of the contract is for a five year period with an option to renew by the City for additional five year periods.

CITY OF MESQUITE, NEVADA
Notes to the Financial Statements
June 30, 2008

NOTE 14. Commitments and Contracts, Continued

Medical Facility

The City has entered into a “Lease and Operating Agreement” with Mesquite Medical Associates for a period of five years in which the City leases the building to Mesquite Medical Associates for \$1 per year and Mesquite Medical Associates in return agrees to operate the medical facility.

Construction Contracts

The City is involved with several significant construction contracts with NDOT and USFWS and others that will continue from fiscal year 2008 through subsequent fiscal years. Details of the projects are available in the City’s fiscal year 2009 budget.

NOTE 15. Deferred Compensation Plan

Mesquite City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

None of the amounts of compensation deferred under the plan, none of the property and rights purchased with those amounts, and none of the income attributable to those amounts, property or rights are the property of the City, subject to the claims of the city’s general creditors.

NOTE 16. Contingencies

The City is involved in various matters of litigation. Although the outcome of the litigation is not presently determinable, it is the opinion of City officials that none of the cases should have a material adverse affect on the City's financial condition.

MAJOR GOVERNMENTAL AND PROPRIETARY FUNDS

BUDGET-TO-ACTUAL

REQUIRED SUPPLEMENTARY INFORMATION

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The **Debt service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

SUPPLEMENTARY INFORMATION

The **General Capital Projects Fund** accounts for the resources accumulated and payments made for construction and expansion of any City projects not accounted for in any other capital projects fund.

The **Redevelopment District capital project fund** is used to account for the resources accumulated and payments made for costs incurred on City redevelopment projects.

The **Sewer Utility Fund** accounts for the activities related to the City's sewer treatment operations.

CITY OF MESQUITE, NEVADA
General Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes:			
Property tax	\$ 3,350,000	\$ 3,232,244	\$ (117,756)
Room tax, Clark County	280,000	240,498	(39,502)
Room tax, 2% retention	560,000	481,062	(78,938)
Total taxes	<u>4,190,000</u>	<u>3,953,804</u>	<u>(236,196)</u>
Licenses, permits and fees:			
Business licenses	515,000	545,782	30,782
Liquor licenses	105,000	75,615	(29,385)
Gaming licenses	475,000	428,756	(46,244)
Building permits	2,000,000	1,279,465	(720,535)
Animal control fees	10,000	9,060	(940)
Zone variance fees	110,000	86,800	(23,200)
Rio Virgin telephone - franchise fee	115,000	117,272	2,272
Franchise fee cable company	45,000	45,324	324
Total licenses, fees and permits	<u>3,375,000</u>	<u>2,588,074</u>	<u>(786,926)</u>
Intergovernmental:			
Federal grants	-	-	-
LVCVA room and gaming taxes	885,000	947,212	62,212
EMPG Grants	38,000	36,652	(1,348)
Safer Grant	422,280	335,351	(86,929)
State of Nevada - police grants	3,090	114,111	111,021
Federal - police grants	43,175	54,005	10,830
County gaming licenses	515,000	464,285	(50,715)
County grants	120,000	169,800	49,800
Miscellaneous state and other grants	-	20,206	20,206
State consolidated tax	10,250,000	8,913,962	(1,336,038)
Special ad valorem transportation tax	90,000	152,110	62,110
Regional flood control, Clark County	158,000	124,444	(33,556)
Total intergovernmental	<u>12,524,545</u>	<u>11,332,138</u>	<u>(1,192,407)</u>

(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008 (Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues (continued)			
Charges for services:			
Cemetery charges and sales	35,000	21,936	(13,064)
Other fees	-	51,319	51,319
Recreation charges	200,000	227,154	27,154
Ambulance fees	450,000	550,185	100,185
Fire department fees	25,000	33,811	8,811
Resident garbage service charges	600,000	660,068	60,068
Garbage can rental fees	80,000	79,953	(47)
Garbage dump fees	425,000	444,300	19,300
Museum fees	1,500	3,263	1,763
Total charges for services	<u>1,816,500</u>	<u>2,071,989</u>	<u>255,489</u>
Fines and forfeitures:			
Fines, forfeitures and assessments	400,000	544,211	144,211
Total fines and forfeitures	<u>400,000</u>	<u>544,211</u>	<u>144,211</u>
Investment earnings:			
Interest earnings	560,000	1,564,739	1,004,739
Total investment earnings	<u>560,000</u>	<u>1,564,739</u>	<u>1,004,739</u>
Other revenues:			
Sales of assets	-	-	-
Recreation grant/LVCA	-	35,576	35,576
Donations	10,000	-	(10,000)
Sign rental	11,000	13,571	2,571
Lease revenue	310,000	144,036	(165,964)
Events board projects	-	10,876	10,876
Rodeo grounds rental	13,000	9,469	(3,531)
Court rental facility	26,000	27,687	1,687
Miscellaneous	10,000	23,429	13,429
Total other revenues	<u>380,000</u>	<u>264,644</u>	<u>(115,356)</u>
Total Revenues	<u>23,246,045</u>	<u>22,319,599</u>	<u>(926,446)</u>
			(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008 (Continued)

EXPENDITURES	Budget	Actual	Variance Favorable (Unfavorable)
General Government			
City council:			
Salaries	144,000	125,823	18,177
Employee benefits	95,000	90,930	4,070
Services, supplies and other	64,000	44,712	19,288
Capital outlay	-	-	-
	<u>303,000</u>	<u>261,465</u>	<u>41,535</u>
City management:			
Salaries	161,000	155,109	5,891
Employee benefits	54,500	49,205	5,295
Services, supplies and other	17,750	11,240	6,510
Capital outlay	-	-	-
	<u>233,250</u>	<u>215,554</u>	<u>17,696</u>
City clerk/treasurer:			
Salaries	231,225	214,878	16,347
Employee benefits	100,215	85,330	14,885
Services, supplies and other	40,017	34,527	5,490
Capital outlay	54,000	22,840	31,160
	<u>425,457</u>	<u>357,575</u>	<u>67,882</u>
Finance:			
Salaries	162,275	157,620	4,655
Employee benefits	66,785	61,431	5,354
Services, supplies and other	51,349	59,982	(8,633)
Capital outlay	-	788	(788)
	<u>280,409</u>	<u>279,821</u>	<u>588</u>
Personnel:			
Salaries	137,500	136,687	813
Employee benefits	50,000	51,158	(1,158)
Services, supplies and other	23,300	14,111	9,189
Capital outlay	-	-	-
	<u>210,800</u>	<u>201,956</u>	<u>8,844</u>
Information Technology:			
Salary adjustment	195,680	147,349	48,331
Employee benefits adjustment	85,853	63,056	22,797
Services, supplies and other	251,950	110,742	141,208
Capital outlay	406,400	169,122	237,278
	<u>939,883</u>	<u>490,269</u>	<u>449,614</u>
			(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008 (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Non-departmental:			
Salary adjustment	-	-	-
Employee benefits adjustment	2,500	-	2,500
Services, supplies and other	1,142,404	1,079,961	62,443
Capital outlay	20,000	17,452	2,548
	<u>1,164,904</u>	<u>1,097,413</u>	<u>67,491</u>
City attorney:			
Salaries	210,000	152,128	57,872
Employee benefits	76,000	56,587	19,413
Services, supplies and other	41,550	18,840	22,710
Capital outlay	1,500	474	1,026
	<u>329,050</u>	<u>228,029</u>	<u>101,021</u>
Total general government	<u>3,886,753</u>	<u>3,132,082</u>	<u>754,671</u>
Judicial			
Municipal court:			
Salaries	170,500	184,862	(14,362)
Employee benefits	68,500	65,693	2,807
Services, supplies and other	25,260	14,452	10,808
Capital outlay	-	-	-
Total judicial	<u>264,260</u>	<u>265,007</u>	<u>(747)</u>
Public Safety			
Police:			
Salaries	2,713,620	2,824,339	(110,719)
Employee benefits	1,500,797	1,411,461	89,336
Services, supplies and other	513,666	400,891	112,775
Capital outlay	535,920	181,521	354,399
	<u>5,264,003</u>	<u>4,818,212</u>	<u>445,791</u>
Fire:			
Salaries	2,015,000	1,848,375	166,625
Employee benefits	1,115,000	1,006,419	108,581
Services, supplies and other	341,043	245,799	95,244
Capital outlay	133,702	94,534	39,168
	<u>3,604,745</u>	<u>3,195,127</u>	<u>409,618</u>
Total public safety	<u>8,868,748</u>	<u>8,013,339</u>	<u>855,409</u>
			(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008 (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Public Works			
Public works:			
Salaries	757,500	692,596	64,904
Employee benefits	346,500	302,677	43,823
Services, supplies and other	31,500	39,677	(8,177)
Capital outlay	14,750	8,467	6,283
	<u>1,150,250</u>	<u>1,043,417</u>	<u>106,833</u>
Building inspections:			
Salaries	688,500	428,558	259,942
Employee benefits	282,000	174,963	107,037
Services, supplies and other	560,969	223,512	337,457
Capital outlay	57,991	50,599	7,392
	<u>1,589,460</u>	<u>877,632</u>	<u>711,828</u>
City engineer:			
Salaries	161,500	156,408	5,092
Employee benefits	56,000	52,899	3,101
Services, supplies and other	61,871	55,221	6,650
Capital outlay	-	-	-
	<u>279,371</u>	<u>264,528</u>	<u>14,843</u>
Facility maintenance:			
Services, supplies and other	292,426	252,657	39,769
Capital outlay	88,828	39,266	49,562
	<u>381,254</u>	<u>291,923</u>	<u>89,331</u>
Planning:			
Salaries	263,500	222,676	40,824
Employee benefits	111,500	95,682	15,818
Services, supplies and other	111,430	69,036	42,394
Capital outlay	16,667	16,667	-
	<u>503,097</u>	<u>404,061</u>	<u>99,036</u>
Streets:			
Services, supplies and other	777,225	655,883	121,342
Capital outlay	85,000	76,371	8,629
	<u>862,225</u>	<u>732,254</u>	<u>129,971</u>
Vehicle maintenance:			
Services, supplies and other	311,799	331,432	(19,633)
Capital outlay	38,766	31,146	7,620
	<u>350,565</u>	<u>362,578</u>	<u>(12,013)</u>
Total public works	<u>5,116,222</u>	<u>3,976,393</u>	<u>1,139,829</u>
			(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008 (Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures (continued)			
Health and Sanitation			
Animal control:			
Salaries	118,500	108,967	9,533
Employee benefits	43,200	47,428	(4,228)
Services, supplies and other	61,618	40,724	20,894
Capital outlay	33,000	10,958	22,042
	<u>256,318</u>	<u>208,077</u>	<u>48,241</u>
Landfill/Solid waste:			
Services, supplies and other	653,572	511,149	142,423
	<u>653,572</u>	<u>511,149</u>	<u>142,423</u>
Total health and sanitation	<u>909,890</u>	<u>719,226</u>	<u>190,664</u>
Culture and Recreation			
Parks and grounds maintenance:			
Salaries	380,000	384,235	(4,235)
Employee benefits	175,000	173,060	1,940
Services, supplies and other	96,746	96,261	485
Capital outlay	189,491	169,176	20,315
	<u>841,237</u>	<u>822,732</u>	<u>18,505</u>
Leisure services:			
Salaries	436,000	438,907	(2,907)
Employee benefits	167,000	161,813	5,187
Services, supplies and other	95,680	80,732	14,948
Capital outlay	74,320	30,258	44,062
	<u>773,000</u>	<u>711,710</u>	<u>61,290</u>
Museum:			
Salaries	37,000	27,234	9,766
Employee benefits	16,000	14,402	1,598
Services, supplies and other	9,580	4,354	5,226
Capital outlay	14,050	-	14,050
	<u>76,630</u>	<u>45,990</u>	<u>30,640</u>
Total culture and recreation	<u>1,690,867</u>	<u>1,580,432</u>	<u>110,435</u>
			(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (continued)			
Community Support			
Community Support:			
Community services	87,600	79,630	7,970
Community events	44,838	39,914	4,924
Other	8,800	-	8,800
Capital outlay	-	-	-
	<u>141,238</u>	<u>119,544</u>	<u>21,694</u>
Special appropriations:			
Services, supplies and other	-	-	-
Capital outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Economic development:			
Salaries	67,000	64,432	2,568
Employee benefits	25,500	24,058	1,442
Services, supplies and other	188,480	109,896	78,584
Capital outlay	-	-	-
	<u>280,980</u>	<u>198,386</u>	<u>82,594</u>
Total community support	<u>422,218</u>	<u>317,930</u>	<u>104,288</u>
Contingencies	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Debt Service			
Capital lease payments - principal	-	-	-
Capital lease payments - interest	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>21,408,958</u>	<u>18,004,409</u>	<u>3,404,549</u>
Excess of revenues over expenditures	<u>1,837,087</u>	<u>4,315,190</u>	<u>2,478,103</u>
			(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008 (Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)			
Transfer from Sewer utility fund	50,000	50,004	4
Transfer from special revenue fund	36,500	35,615	(885)
Transfer from redevelopment fund	425,322	425,328	6
Transfer from capital projects fund	1,500,000	1,500,000	-
Transfer to street maintenance fund	(50,000)	(50,004)	(4)
Transfer to airport fund	-	-	-
Transfer to senior nutrition fund	(60,000)	(60,000)	-
Transfer to capital projects fund	(10,000)	(9,996)	4
Transfer to debt service fund	(800,412)	(800,412)	-
Transfer to technology replacement fund	(150,000)	(150,000)	-
Transfer to vehicle replacement fund	<u>(2,513,570)</u>	<u>(2,041,536)</u>	<u>472,034</u>
Total Other Financing Sources (Uses)	<u>(1,572,160)</u>	<u>(1,101,001)</u>	<u>471,159</u>
Net change in fund balance	264,927	3,214,189	2,949,262
Fund balance, beginning of year	<u>4,901,510</u>	<u>4,901,510</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 5,166,437</u></u>	<u><u>\$ 8,115,699</u></u>	<u><u>\$ 2,949,262</u></u>

CITY OF MESQUITE, NEVADA
Debt Service Funds
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments, principal	\$ 159,681	\$ 188,908	\$ 29,227
Special assessments, interest	352,248	345,300	(6,948)
Other revenues	-	34,285	34,285
Interest earnings	-	375,405	375,405
	<u>511,929</u>	<u>943,898</u>	<u>431,969</u>
Expenditures			
Salaries, wages and benefits	27,000	31,203	(4,203)
Service, supplies and other	-	7,120	(7,120)
Fiscal agent and professional fees	20,000	695,090	(675,090)
Debt service:			
Principal, SID	180,000	180,000	-
Principal, general obligation	1,334,700	818,942	515,758
Principal, revenue obligation	30,731	31,133	(402)
Interest, SID	271,845	493,803	(221,958)
Interest, general obligation	701,464	342,237	359,227
Interest, revenue obligation	44,164	43,763	401
Capital outlay	445,728	4,771,243	(4,325,515)
	<u>3,055,632</u>	<u>7,414,534</u>	<u>(4,358,902)</u>
Excess of revenues over (under) expenditures	(2,543,703)	(6,470,636)	(3,926,933)
Other Financing Sources (Uses)			
Debt issued	-	15,250,000	15,250,000
Transfers (to) from:			
From redevelopment district	1,312,000	1,312,000	-
From general fund	800,412	800,412	-
To general fund	-	-	-
	<u>(431,291)</u>	<u>10,891,776</u>	<u>11,323,067</u>
Net change in fund balance	(431,291)	10,891,776	11,323,067
Fund balance, beginning of year	2,343,253	2,343,253	-
Fund balance, end of year	<u>\$ 1,911,962</u>	<u>\$ 13,235,029</u>	<u>\$ 11,323,067</u>

CITY OF MESQUITE, NEVADA
General Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental revenue:			
Federal and State grants	\$ 7,155,000	\$ 268,621	\$ (6,886,379)
Other revenue:			
Land sales	49,472,200	22,028,466	(27,443,734)
Developer proceeds and other donations	120,736	3,282,070	3,161,334
Miscellaneous revenue	100,000	-	(100,000)
	<u>56,847,936</u>	<u>25,579,157</u>	<u>(31,268,779)</u>
Total Revenues			
	<u>56,847,936</u>	<u>25,579,157</u>	<u>(31,268,779)</u>
Expenditures			
Cost of land sales	200,000	79,557	120,443
Capital outlay	35,962,833	15,038,566	20,924,267
	<u>36,162,833</u>	<u>15,118,123</u>	<u>21,044,710</u>
Total Expenditures			
	<u>36,162,833</u>	<u>15,118,123</u>	<u>21,044,710</u>
Excess of revenues over (under) expenditures	20,685,103	10,461,034	(10,224,069)
Other Financing Sources (Uses)			
Transfer to general fund	(1,500,000)	(1,500,000)	-
Transfer to residential construction fund	(2,000,000)	(2,000,001)	(1)
	<u>(3,500,000)</u>	<u>(3,500,001)</u>	<u>(1)</u>
Total other financing sources (uses)			
	<u>(3,500,000)</u>	<u>(3,500,001)</u>	<u>(1)</u>
Net change in fund balance	17,185,103	6,961,033	(10,224,070)
Fund balance, beginning of year	5,958,738	5,958,738	-
Fund balance, end of year	<u>\$ 23,143,841</u>	<u>\$ 12,919,771</u>	<u>\$ (10,224,070)</u>

CITY OF MESQUITE, NEVADA
Redevelopment District Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 3,600,000	\$ 3,784,624	\$ 184,624
Intergovernmental revenue	2,350,000	-	(2,350,000)
Donations and other revenue	1,050,000	-	(1,050,000)
Interest earnings	-	363,957	363,957
	<u>7,000,000</u>	<u>4,148,581</u>	<u>(2,851,419)</u>
Expenditures			
Salaries	195,000	140,507	54,493
Employee benefits	72,000	52,664	19,336
Services, supplies and other	1,341,485	118,253	1,223,232
Capital outlay	13,078,294	1,646,409	11,431,885
	<u>14,686,779</u>	<u>1,957,833</u>	<u>12,728,946</u>
Excess of revenues over (under) expenditures	<u>(7,686,779)</u>	<u>2,190,748</u>	<u>9,877,527</u>
Other Financing Sources (Uses)			
Proceeds from debt	15,000,000	-	(15,000,000)
Transfer to debt service and other funds	(2,487,332)	(2,487,328)	4
Transfer from the general fund	-	-	-
	<u>12,512,668</u>	<u>(2,487,328)</u>	<u>(14,999,996)</u>
Net change in fund balance	4,825,889	(296,580)	(5,122,469)
Fund balance, beginning of year	<u>6,050,247</u>	<u>6,050,247</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 10,876,136</u></u>	<u><u>\$ 5,753,667</u></u>	<u><u>\$ (5,122,469)</u></u>

CITY OF MESQUITE, NEVADA
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Assets
Budget and Actual
For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Service fees	\$ 1,672,000	\$ 1,661,903	\$ (10,097)
Other revenues	190,000	175,408	(14,592)
Total operating revenues	1,862,000	1,837,311	(24,689)
Operating expenses			
Salaries	550,000	473,560	76,440
Employee benefits	236,000	202,405	33,595
Service, supplies and other	844,885	786,752	58,133
Capital outlay	3,007,800	-	3,007,800
Depreciation	775,000	772,955	2,045
Total operating expenses	5,413,685	2,235,672	3,178,013
Operating income (loss)	(3,551,685)	(398,361)	3,153,324
Nonoperating revenues (expenses)			
Connection fee revenue	750,000	1,053,776	303,776
Interest income	180,000	238,685	58,685
Sales tax revenue	435,000	421,277	(13,723)
Grant revenue	573,750	2,800,877	2,227,127
Loss on disposal of fixed assets	-	-	-
Interest expense	(181,250)	(181,200)	50
Total nonoperating revenues (expenses)	1,757,500	4,333,415	2,575,915
Income (loss) before contributions and transfers	(1,794,185)	3,935,054	5,729,239
Capital contributions	-	801,930	801,930
Transfers out	(100,000)	(100,004)	(4)
Change in net assets	(1,894,185)	4,636,980	6,531,165
Total net assets, beginning of year	31,062,563	31,062,563	-
Total net assets, end of year	<u>\$ 29,168,378</u>	<u>\$ 35,699,543</u>	<u>\$ 6,531,165</u>

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SUPPLEMENTARY INFORMATION NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Street Maintenance / Repairs Fund - This fund is used to account for funds set aside for the maintaining, repairing, and upgrading of streets

Airport Fund - This fund is used to account for revenues and expenditures associated with the operation/maintenance of the airport.

Capital Project Maintenance and Repair Fund - This fund is used to account for funds set aside, as required by NRS 354.6105 in the amount of .5% of bond proceeds, for extraordinary repairs and maintenance.

Court Administrative Assessment - This fund is used to account for the proceeds from Court Administrative Assessments and associated judicial department expenditures.

Mesquite Senior Nutrition Fund - This fund is used to account for Federal Grants and program income used to provide senior meals.

Recreation Programs Fund - This fund is used to account for activities of various recreation programs which are essentially self-supporting. It is expected that program fees will cover the costs of the programs.

Medical Services Fund - This fund is used to account for expenditures related to the provision of medical services in Mesquite. Revenues are comprised of a grant from Clark County and a property tax transfer from the General Fund. Debt service payments are the primary expenditure.

Forensic Services Fund - This fund is used to account for fees assessed by the court for chemical analysis pursuant to NRS 453.575 and 484.3798. Any balances in the fund are transferred to the General Fund.

Environmental Planning Fund - This fund is used to account for funds set aside for environmental planning and related projects.

More Cops Fund - This fund is used to account for sales taxes collected for the purpose of increasing staffing of police officers.

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Residential Construction Tax Special Fund - This fund is used to account for Park Improvements and facilities from which the tax is collected.

Transportation Impact Fee Fund - This fund is used to account for transportation impact fees and associated capital outlay required for road-related growth and development.

City Services Reserve Fund – This fund is used to account for capital improvements and repairs and maintenance for City buildings.

Technology and Vehicle Replacement Funds - These funds are used to account for the accumulation of funds which are to be used towards the purchase of technology and automobiles.

CITY OF MESQUITE, NEVADA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue						
	Street Maintenance	Airport	Capital Project Maintenance & Repair	Court Admin. Assessment	Senior Nutrition Program	Recreation Programs	Medical Services
Assets							
Cash and cash equivalents	\$ -	\$ 1,616,646	\$ -	\$ -	\$ -	\$ 155,157	\$ 3,038
Receivables:							
Property taxes	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-	-
Other	-	44,587	-	-	-	-	-
Due from other governments	155,658	55,754	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Inventories	-	38,179	-	-	-	-	-
Restricted cash and equivalents	2,383,773	-	42,074	21,121	108,910	-	-
Total assets	<u>\$ 2,539,431</u>	<u>\$ 1,755,166</u>	<u>\$ 42,074</u>	<u>\$ 21,121</u>	<u>\$ 108,910</u>	<u>\$ 155,157</u>	<u>\$ 3,038</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ 125,283	\$ 1,425	\$ 14,693	\$ 2,563	\$ 8,240	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>125,283</u>	<u>1,425</u>	<u>14,693</u>	<u>2,563</u>	<u>8,240</u>	<u>-</u>
Fund Balances:							
Reserved for:							
Encumbrances	-	59,200	750	-	13,868	550	-
Debt service	-	-	-	-	-	-	-
Capital outlay	2,539,431	-	39,899	-	-	-	-
Other	-	-	-	6,428	-	-	-
Unreserved:							
Designated	-	870,000	-	-	57,150	41,000	3,038
Undesignated	-	700,683	-	-	35,329	105,367	-
Total fund balances	<u>2,539,431</u>	<u>1,629,883</u>	<u>40,649</u>	<u>6,428</u>	<u>106,347</u>	<u>146,917</u>	<u>3,038</u>
Total liabilities and fund balance	<u>\$ 2,539,431</u>	<u>\$ 1,755,166</u>	<u>\$ 42,074</u>	<u>\$ 21,121</u>	<u>\$ 108,910</u>	<u>\$ 155,157</u>	<u>\$ 3,038</u>

			Capital Projects					Total Nonmajor Governmental Funds
Forensic Services	Environmental Planning	More Cops	Residential Construction Tax Special Fund	Transportation Impact Fee Fund	City Services Reserve	Technology Replacement Fund	Vehicle Replacement Fund	
\$ -	\$ 137,907	\$ 425,182	\$ -	\$ -	\$ 48,438	\$ 250,000	\$ 3,932,121	\$ 6,568,489
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	44,587
-	317,436	201,207	-	-	-	-	-	730,055
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	38,179
-	-	-	2,269,445	2,386,243	-	-	-	7,211,566
<u>\$ -</u>	<u>\$ 455,343</u>	<u>\$ 626,389</u>	<u>\$ 2,269,445</u>	<u>\$ 2,386,243</u>	<u>\$ 48,438</u>	<u>\$ 250,000</u>	<u>\$ 3,932,121</u>	<u>\$ 14,592,876</u>
\$ -	\$ 123,074	\$ -	\$ 197,700	\$ 8,947	\$ -	\$ -	\$ -	\$ 481,925
-	-	-	-	-	-	-	-	-
-	88,741	-	-	-	-	-	-	88,741
-	243,528	68,366	-	-	-	-	-	311,894
<u>-</u>	<u>455,343</u>	<u>68,366</u>	<u>197,700</u>	<u>8,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>882,560</u>
-	-	-	1,576,712	134,263	-	-	232,836	2,018,179
-	-	-	-	-	-	-	-	-
-	-	-	495,033	2,243,033	-	-	-	5,317,396
-	-	-	-	-	-	-	-	6,428
-	-	558,023	-	-	48,438	25,000	-	1,602,649
-	-	-	-	-	-	225,000	3,699,285	4,765,664
<u>-</u>	<u>-</u>	<u>558,023</u>	<u>2,071,745</u>	<u>2,377,296</u>	<u>48,438</u>	<u>250,000</u>	<u>3,932,121</u>	<u>13,710,316</u>
<u>\$ -</u>	<u>\$ 455,343</u>	<u>\$ 626,389</u>	<u>\$ 2,269,445</u>	<u>\$ 2,386,243</u>	<u>\$ 48,438</u>	<u>\$ 250,000</u>	<u>\$ 3,932,121</u>	<u>\$ 14,592,876</u>

CITY OF MESQUITE, NEVADA
Combining statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue						
	Street Maintenance	Airport	Capital Project Maintenance & Repair	Court Admin. Assessment	Senior Nutrition Program	Recreation Programs	Medical Services
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-	-
Intergovernmental revenue	835,762	537,692	-	-	173,350	-	200,000
Charges for services	-	336,405	-	-	54,976	230,219	60,000
Fines and forfeitures	-	-	-	4,152	-	-	-
Special Assessments	-	-	-	-	-	-	-
Investment earnings	100,164	-	2,316	-	-	35,056	-
Other revenues	-	-	-	-	28,507	-	-
Total revenues	935,926	874,097	2,316	4,152	256,833	265,275	260,000
Expenditures							
Current:							
General government	-	-	11,140	-	-	-	-
Public safety	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-
Public works	-	286,154	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Welfare	-	-	-	-	346,507	-	6,433
Culture and recreation	-	-	-	-	-	162,647	-
Community support/development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	236,000
Interest	-	-	-	-	-	-	22,786
Capital outlay	14,880	616,409	-	50,000	-	13,770	-
Total expenditures	14,880	902,563	11,140	50,000	346,507	176,417	265,219
Excess (deficiency) of revenues over (under) expenditures	921,046	(28,466)	(8,824)	(45,848)	(89,674)	88,858	(5,219)
Other Financing Sources (Uses)							
Transfers in	50,004	500,000	9,996	-	60,000	-	-
Transfers out	-	-	-	-	-	(30,000)	-
Total other financing sources and uses	50,004	500,000	9,996	-	60,000	(30,000)	-
Net change in fund balances	971,050	471,534	1,172	(45,848)	(29,674)	58,858	(5,219)
Fund balances, beginning of year	1,568,381	1,158,349	39,477	52,276	136,021	88,059	8,257
Fund balances, end of year	\$ 2,539,431	\$ 1,629,883	\$ 40,649	\$ 6,428	\$ 106,347	\$ 146,917	\$ 3,038

Capital Projects								
Forensic Services	Environmental Planning	More Cops	Residential Construction Tax Special Fund	Transportation Impact Fee Fund	City Services Reserve	Technology Replacement Fund	Vehicle Replacement Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 813,669	\$ 500,259	\$ -	\$ -	\$ -	\$ -	\$ 1,313,928
-	-	-	-	226,097	-	-	-	226,097
-	748,734	-	-	-	-	-	-	2,495,538
-	-	-	-	-	-	-	-	681,600
5,615	-	-	-	-	-	-	-	9,767
-	-	-	-	-	-	-	-	-
-	-	26,401	92,442	121,317	-	-	-	377,696
-	-	-	-	-	-	-	-	28,507
5,615	748,734	840,070	592,701	347,414	-	-	-	5,133,133
-	-	-	-	-	1,562	-	-	12,702
-	-	765,753	-	-	-	-	-	765,753
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	286,154
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	352,940
-	-	-	-	-	-	-	-	162,647
-	717,831	-	-	-	-	-	-	717,831
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	236,000
-	30,903	132,316	2,193,969	130,580	-	-	871,486	22,786
-	748,734	898,069	2,193,969	130,580	1,562	-	871,486	4,054,313
5,615	-	(57,999)	(1,601,268)	216,834	(1,562)	-	(871,486)	6,611,126
-	-	-	2,250,001	-	50,000	150,000	2,041,535	(1,477,993)
(5,615)	-	-	-	-	-	-	-	5,111,536
(5,615)	-	-	2,250,001	-	50,000	150,000	2,041,535	(35,615)
-	-	(57,999)	648,733	216,834	48,438	150,000	1,170,049	5,075,921
-	-	616,022	1,423,012	2,160,462	-	100,000	2,762,072	3,597,928
\$ -	\$ -	\$ 558,023	\$ 2,071,745	\$ 2,377,296	\$ 48,438	\$ 250,000	\$ 3,932,121	10,112,388
-	-	-	-	-	-	-	-	\$ 13,710,316

NONMAJOR INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF MESQUITE, NEVADA
Street Maintenance Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental Revenue:			
Gas Tax	\$ 275,000	\$ 277,617	\$ 2,617
Right of Way Fees	465,000	553,570	88,570
Grant revenue	-	4,575	4,575
Total Intergovernmental	740,000	835,762	95,762
Investment earnings	-	100,164	100,164
Other revenues	-	-	-
Total Revenues	740,000	935,926	195,926
Expenditures			
Capital outlay	1,927,200	14,880	1,912,320
Total Expenditures	1,927,200	14,880	1,912,320
Excess of revenues over (under) expenditures	(1,187,200)	921,046	2,108,246
Other Financing Sources (Uses)			
Transfers in:			
From general fund	50,000	50,004	4
Net change in fund balance	(1,137,200)	971,050	2,108,250
Fund balance, beginning of year	1,568,381	1,568,381	-
Fund balance, end of year	<u>\$ 431,181</u>	<u>\$ 2,539,431</u>	<u>\$ 2,108,250</u>

CITY OF MESQUITE, NEVADA
Airport Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental Revenue:			
FAA Grant	\$ 456,000	\$ 537,692	\$ 81,692
Charges for Services	<u>427,300</u>	<u>336,405</u>	<u>(90,895)</u>
Total Revenues	<u>883,300</u>	<u>874,097</u>	<u>(9,203)</u>
Expenditures			
Service, supplies and other	381,815	286,154	95,661
Capital outlay	<u>1,712,000</u>	<u>616,409</u>	<u>1,095,591</u>
Total Expenditures	<u>2,093,815</u>	<u>902,563</u>	<u>1,191,252</u>
Excess of revenues over (under) expenditures	<u>(1,210,515)</u>	<u>(28,466)</u>	<u>1,182,049</u>
Other Financing Sources (Uses)			
Transfers in:			
From capital project fund	500,000	500,000	-
From general fund	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	(710,515)	471,534	1,182,049
Fund balance, beginning of year	<u>1,158,349</u>	<u>1,158,349</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 447,834</u></u>	<u><u>\$ 1,629,883</u></u>	<u><u>\$ 1,182,049</u></u>

CITY OF MESQUITE, NEVADA
Capital Project Maintenance/Repairs Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Investment earnings:			
Interest earnings	<u>\$ 500</u>	<u>\$ 2,316</u>	<u>\$ 1,816</u>
Expenditures			
Service, supplies and other	<u>26,100</u>	<u>11,140</u>	<u>14,960</u>
Excess of revenue and other sources over (under) expenditures	(25,600)	(8,824)	16,776
Other Financing Sources (Uses)			
Transfers in:			
From general fund	<u>10,000</u>	<u>9,996</u>	<u>(4)</u>
Net change in fund balance	(15,600)	1,172	16,772
Fund balance, beginning of year	<u>39,477</u>	<u>39,477</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 23,877</u></u>	<u><u>\$ 40,649</u></u>	<u><u>\$ 16,772</u></u>

CITY OF MESQUITE, NEVADA
Court Administrative Assessment Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Fines and forfeitures:			
Administrative assessments	<u>\$ 28,000</u>	<u>\$ 4,152</u>	<u>\$ (23,848)</u>
Expenditures			
Judicial:			
Services, supplies and other	-	-	-
Capital outlay	<u>52,400</u>	<u>50,000</u>	<u>2,400</u>
Total Expenditures	<u>52,400</u>	<u>50,000</u>	<u>2,400</u>
Excess of revenues over (under) expenditures	(24,400)	(45,848)	(21,448)
Other Financing Sources (Uses)			
Transfers in:			
From general fund	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(24,400)	(45,848)	(21,448)
Fund balance, beginning of year	<u>52,276</u>	<u>52,276</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 27,876</u></u>	<u><u>\$ 6,428</u></u>	<u><u>\$ (21,448)</u></u>

CITY OF MESQUITE, NEVADA
Senior Nutrition Program Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental revenues:			
United States Department of Health and Human Services Title III, all programs	\$ 118,000	\$ 133,392	\$ 15,392
United States Department of Agriculture food distribution programs	23,000	39,958	16,958
State of Nevada transportation grant	-	-	-
CDBG Grant	192,115	-	(192,115)
Equipment Grant	2,500	-	(2,500)
Total intergovernmental revenue	<u>335,615</u>	<u>173,350</u>	<u>(162,265)</u>
Charges for services:			
Project income	72,000	54,976	(17,024)
Transportation	-	-	-
Other income	14,000	28,507	14,507
Total charges for services	<u>86,000</u>	<u>83,483</u>	<u>(2,517)</u>
Total Revenues	<u>421,615</u>	<u>256,833</u>	<u>(164,782)</u>
Expenditures			
Salaries	140,000	141,494	(1,494)
Employee benefits	72,000	70,730	1,270
Services, supplies and other	131,500	134,283	(2,783)
Capital outlay	216,100	-	216,100
Total Expenditures	<u>559,600</u>	<u>346,507</u>	<u>213,093</u>
Excess of revenues over (under) expenditures	(137,985)	(89,674)	48,311
Other Financing Sources (Uses)			
Transfers in:			
From general fund	60,000	60,000	-
Net change in fund balance	(77,985)	(29,674)	48,311
Fund balance, beginning of year	136,021	136,021	-
Fund balance, end of year	<u>\$ 58,036</u>	<u>\$ 106,347</u>	<u>\$ 48,311</u>

CITY OF MESQUITE, NEVADA
Recreation Programs Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Charges for services:			
Recreation charges	\$ 180,000	\$ 230,219	\$ 50,219
Other revenue	<u>10,056</u>	<u>35,056</u>	<u>25,000</u>
Total Revenues	<u>190,056</u>	<u>265,275</u>	<u>75,219</u>
Expenditures			
Salaries	73,000	72,217	783
Employee benefits	9,500	8,128	1,372
Services, supplies and other	85,000	82,302	2,698
Capital outlay	<u>17,056</u>	<u>13,770</u>	<u>3,286</u>
Total Expenditures	<u>184,556</u>	<u>176,417</u>	<u>8,139</u>
Excess of revenues over (under) expenditures	5,500	88,858	83,358
Other Financing Sources (Uses)			
Transfers out:			
To general fund	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net change in fund balance	(24,500)	58,858	83,358
Fund balance, beginning of year	<u>88,059</u>	<u>88,059</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 63,559</u></u>	<u><u>\$ 146,917</u></u>	<u><u>\$ 83,358</u></u>

CITY OF MESQUITE, NEVADA
Medical Services Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental Revenue:			
County Grant	\$ 200,000	\$ 200,000	\$ -
Medical Center Lease	<u>60,000</u>	<u>60,000</u>	<u>-</u>
	<u>260,000</u>	<u>260,000</u>	<u>-</u>
Expenditures			
Service and Supplies	5,000	6,433	(1,433)
Debt Payments-Principal	236,000	236,000	-
Debt Payments-Interest	<u>22,845</u>	<u>22,786</u>	<u>59</u>
Total Expenditures	<u>263,845</u>	<u>265,219</u>	<u>(1,374)</u>
Excess of revenues over (under) expenditures	<u>(3,845)</u>	<u>(5,219)</u>	<u>1,374</u>
Net change in fund balance	(3,845)	(5,219)	(1,374)
Fund balance, beginning of year	<u>8,257</u>	<u>8,257</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 4,412</u></u>	<u><u>\$ 3,038</u></u>	<u><u>\$ (1,374)</u></u>

CITY OF MESQUITE, NEVADA
Forensic Services Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Fines and forfeitures:			
Analysis fees	<u>\$ 6,500</u>	<u>\$ 5,615</u>	<u>\$ (885)</u>
Expenditures			
Services, supplies and other	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	6,500	5,615	(885)
Other Financing Sources (Uses)			
Transfers out:			
To general fund	<u>(6,500)</u>	<u>(5,615)</u>	<u>885</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MESQUITE, NEVADA
Environmental Planning Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental Revenue:			
Fish & Wildlife Grant, NRCS and Other	\$ 1,430,500	\$ 748,734	\$ (681,766)
Interest Income	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>1,430,500</u>	<u>748,734</u>	<u>(681,766)</u>
Expenditures			
Salaries	165,000	90,783	74,217
Employee benefits	68,000	39,443	28,557
Services, supplies and other	130,500	27,648	102,852
Contracted services	988,000	559,957	428,043
Capital outlay	<u>36,667</u>	<u>30,903</u>	<u>5,764</u>
Total Expenditures	<u>1,388,167</u>	<u>748,734</u>	<u>639,433</u>
Excess of revenues over (under) expenditures	<u>42,333</u>	<u>-</u>	<u>(42,333)</u>
Net change in fund balance	42,333	-	(42,333)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 42,333</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (42,333)</u></u>

CITY OF MESQUITE, NEVADA
More Cops Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
1/4% Sales Tax	\$ 810,000	\$ 813,669	\$ 3,669
Interest Income	<u>17,500</u>	<u>26,401</u>	<u>8,901</u>
Total Revenue	<u>827,500</u>	<u>840,070</u>	<u>12,570</u>
Expenditures			
Salaries	405,000	440,537	(35,537)
Employee benefits	255,000	255,063	(63)
Services, supplies and other	53,800	70,153	(16,353)
Contracted services	-	-	-
Capital outlay	<u>143,000</u>	<u>132,316</u>	<u>10,684</u>
Total Expenditures	<u>856,800</u>	<u>898,069</u>	<u>(41,269)</u>
Excess of revenues over (under) expenditures	<u>(29,300)</u>	<u>(57,999)</u>	<u>(28,699)</u>
Net change in fund balance	(29,300)	(57,999)	(28,699)
Fund balance, beginning of year	<u>616,022</u>	<u>616,022</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 586,722</u></u>	<u><u>\$ 558,023</u></u>	<u><u>\$ (28,699)</u></u>

CITY OF MESQUITE, NEVADA
Residential Construction Tax Park Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Residential construction tax	\$ 450,000	\$ 500,259	\$ 50,259
Intergovernmental revenue	-	-	-
Other revenues	-	-	-
Interest earnings	5,000	92,442	87,442
	<u>455,000</u>	<u>592,701</u>	<u>137,701</u>
Expenditures			
Capital outlay	3,266,900	2,193,969	1,072,931
	<u>3,266,900</u>	<u>2,193,969</u>	<u>1,072,931</u>
Other Financing Sources			
Transfers in	2,250,000	2,250,001	(1)
Net change in fund balance	(561,900)	648,733	1,210,633
Fund balance, beginning of year	<u>1,423,012</u>	<u>1,423,012</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 861,112</u></u>	<u><u>\$ 2,071,745</u></u>	<u><u>\$ 1,210,633</u></u>

CITY OF MESQUITE, NEVADA
Transportation Impact Fee Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Transportation impact fees	\$ 500,000	\$ 226,097	\$ (273,903)
Intergovernmental revenue	-	-	-
Interest earnings	-	121,317	121,317
	<u>500,000</u>	<u>347,414</u>	<u>(152,586)</u>
Total Revenues			
Expenditures			
Administrative	-	-	-
Street Improvements	1,650,000	117,968	1,532,032
Land purchases	-	-	-
Capital outlay	-	12,612	(12,612)
	<u>1,650,000</u>	<u>130,580</u>	<u>1,519,420</u>
Total Expenditures			
Excess of revenues over (under) expenditures	<u>(1,150,000)</u>	<u>216,834</u>	<u>1,366,834</u>
Net change in fund balance	(1,150,000)	216,834	1,366,834
Fund balance, beginning of year	<u>2,160,462</u>	<u>2,160,462</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,010,462</u></u>	<u><u>\$ 2,377,296</u></u>	<u><u>\$ 1,366,834</u></u>

CITY OF MESQUITE, NEVADA
City Services Reserve Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental revenue:			
State grants	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Professional services	<u>-</u>	<u>1,562</u>	<u>(1,562)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(1,562)</u>	<u>(1,562)</u>
Other Financing Sources (Uses)			
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	50,000	48,438	(1,562)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 50,000</u></u>	<u><u>\$ 48,438</u></u>	<u><u>\$ (1,562)</u></u>

CITY OF MESQUITE, NEVADA
Technology Replacement Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental revenue:			
State grants	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
Capital outlay	-	-	-
Excess of revenues over (under) expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers In	150,000	150,000	-
Total other financing sources (uses)	150,000	150,000	-
Net change in fund balance	150,000	150,000	-
Fund balance, beginning of year	100,000	100,000	-
Fund balance, end of year	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>

CITY OF MESQUITE, NEVADA
Vehicle Replacement Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue:			
State grants	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
Capital outlay	1,084,000	871,486	212,514
Excess of revenues over (under) expenditures	(1,084,000)	(871,486)	212,514
Other Financing Sources (Uses)			
Transfers In	2,041,535	2,041,535	-
Total other financing sources (uses)	2,041,535	2,041,535	-
Net change in fund balance	957,535	1,170,049	212,514
Fund balance, beginning of year	2,762,072	2,762,072	-
Fund balance, end of year	<u>\$ 3,719,607</u>	<u>\$ 3,932,121</u>	<u>\$ 212,514</u>

**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**

CITY OF MESQUITE, NEVADA
Capital Assets Used in the Operation of Governmental Funds
By Sources
For the Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
General Fixed Assets				
Land	\$ 8,897,154	\$ 1,552,900	\$ 174,630	\$ 10,275,424
Buildings and improvements	35,276,425	4,370,831	-	39,647,256
Furniture, Vehicles and Equipment	10,447,118	1,813,775	-	12,260,893
Storm drains and inlets	3,287,247	250,166	-	3,537,413
Streets and sidewalks	47,408,887	5,349,152	-	52,758,039
Construction-in-progress	7,294,239	22,868,500	10,143,461	20,019,278
	<u>\$ 112,611,070</u>	<u>\$ 36,205,324</u>	<u>\$ 10,318,091</u>	<u>\$ 138,498,303</u>
Investment in General Fixed Assets From				
General city revenues, grants, and bonds	\$ 112,053,370	\$ 36,205,324	\$ 10,318,091	\$ 137,940,603
Contributions from incorporation	557,700	-	-	557,700
	<u>\$ 112,611,070</u>	<u>\$ 36,205,324</u>	<u>\$ 10,318,091</u>	<u>\$ 138,498,303</u>

CITY OF MESQUITE, NEVADA
Capital Assets Used in the Operation of Governmental Funds
By Function and Activity
June 30, 2008

Functions and Activity	June 30, 2008	Land	Buildings & Improvements
General government			
City council	\$ 21,966	\$ -	\$ -
City manager	3,755	-	-
City clerk/treasurer	171,038	-	-
Finance	370,250	-	-
Personnel	-	-	-
Non-departmental	29,002,803	10,263,721	17,927,556
City attorney	3,000	-	-
Judicial	74,103	-	-
Public safety			
Police	6,345,646	-	2,879,346
Fire	3,430,950	-	274,933
Public works			
Public works	1,565,092	-	849,521
Building inspection	274,507	-	-
Facilities maintenance	7,542	-	-
Facility maintenance	-	-	-
Planning	486,974	-	386,126
Streets and drainage	69,599,780	-	894,513
Vehicle maintenance	264,716	-	23,902
Airport	1,574,543	-	901,776
Health and sanitation			
Animal control	534,772	-	435,929
Landfill/solid waste	-	-	-
Culture and recreation			
Parks and grounds maintenance	11,968,242	11,703	3,790,953
Leisure services	11,532,196	-	10,207,255
Museum	42,013	-	22,910
Community support			
Community support	-	-	-
Special appropriations	-	-	-
Economic development	3,759	-	-
Senior citizens	1,220,656	-	1,052,536
Total governmental funds capital assets	<u>\$ 138,498,303</u>	<u>\$ 10,275,424</u>	<u>\$ 39,647,256</u>

Equipment	Storm Drains & Inlets	Streets & Sidwalks	Construction-in- Progress
\$ 21,966	\$ -	\$ -	\$ -
3,755	-	-	-
171,038	-	-	-
370,250	-	-	-
-	-	-	-
661,822	-	-	149,704
3,000	-	-	-
74,103	-	-	-
3,320,908	-	-	145,392
3,156,017	-	-	-
715,571	-	-	-
274,507	-	-	-
7,542	-	-	-
-	-	-	-
100,848	-	-	-
1,058,596	3,537,413	52,744,989	11,364,269
240,814	-	-	-
56,705	-	-	616,062
98,843	-	-	-
-	-	-	-
408,685	-	13,050	7,743,851
1,324,941	-	-	-
19,103	-	-	-
-	-	-	-
-	-	-	-
3,759	-	-	-
168,120	-	-	-
<u>\$ 12,260,893</u>	<u>\$ 3,537,413</u>	<u>\$ 52,758,039</u>	<u>\$ 20,019,278</u>

CITY OF MESQUITE, NEVADA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2008

Functions and Activity	Balance June 30, 2007	Reclass	Additions	Deletions	Balance June 30, 2008
General government					
City council	\$ 21,966	\$ -	\$ -	\$ -	\$ 21,966
City manager	3,755	-	-	-	3,755
City clerk/treasurer	151,792	-	19,246	-	171,038
Finance/Info Technology	265,363	-	104,887	-	370,250
City attorney	3,000	-	-	-	3,000
Non-departmental	24,224,698	-	5,257,894	479,789	29,002,803
Judicial	74,103	-	-	-	74,103
Public safety					
Police	5,560,171	-	1,155,717	370,242	6,345,646
Fire	3,949,958	-	2,391,200	2,910,208	3,430,950
Public works					
Public works	1,512,477	-	52,615	-	1,565,092
Building inspection	265,757	-	8,750	-	274,507
Facilities maintenance	7,542	-	-	-	7,542
Streets and drainage	57,004,259	-	18,314,884	5,719,363	69,599,780
Planning	472,629	-	14,345	-	486,974
Vehicle maintenance	240,536	-	24,180	-	264,716
Airport	958,481	-	616,062	-	1,574,543
Health and sanitation					
Animal control	526,984	-	7,788	-	534,772
Landfill/solid waste	-	-	-	-	-
Culture and recreation					
Parks and grounds maintenance	4,589,470	-	8,217,261	838,489	11,968,242
Leisure services	11,511,701	-	20,495	-	11,532,196
Museum	42,013	-	-	-	42,013
Community support					
Economic development	3,759	-	-	-	3,759
Senior citizens	1,220,656	-	-	-	1,220,656
Total governmental capital assets	<u>\$ 112,611,070</u>	<u>\$ -</u>	<u>\$ 36,205,324</u>	<u>\$ 10,318,091</u>	<u>\$ 138,498,303</u>

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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MEMBERS:

CHAD B. ATKINSON
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
TODD B. FELTNER
BRENT R. HALL

KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Mayor and
City Council
Mesquite, Nevada

We have audited the basic financial statements of the City of Mesquite, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Mesquite's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the schedule of findings and recommendations dated December 31, 2008 to be significant deficiencies in internal control over financial reporting.

- 08-1 Capital Asset Additions
- 07-1 Grant and Contract Administration
- 07-2 Fraud Risk Management Program
- 07-3 Timely General Ledger Reconciliations and Year-End Accounting

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to the management of the City in the schedule of findings and recommendations dated December 31, 2008.

This report is intended solely for the information of the mayor, audit committee, management, and various federal and state agencies, and is not intended to be an should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



HINTON, BURDICK, HALL, & SPILKER, PLLC

December 31, 2008



HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

MEMBERS:

CHAD B. ATKINSON
KRIS J. BRAUNBERGER
DEAN R. BURDICK
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MARK E. TICHENOR

Independent Auditors' Report on State Legal Compliance

The Honorable Mayor and
City Council
Mesquite, NV

We have audited the basic financial statements of the City of Mesquite, for the year ended June 30, 2008, and have issued our report thereon dated December 31, 2008. Our audit also included test work on the City of Mesquite's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of the City of Mesquite is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

During the current fiscal year, the City of Mesquite has taken steps to act upon recommendations made in prior years. Any significant findings issued in prior years have been resolved.

The City of Mesquite has established several funds in accordance with NRS 354.624 as follows:

Enterprise Funds:

Sewer Utility Fund

Funds whose balance is required to be used only for a specific purpose or carried forward to the succeeding fiscal year in any designated amount:

Special Revenue Funds:

Street Maintenance Fund

Airport Fund

Capital Projects Maintenance and Repair Fund

Court Administrative Assessment Fund

Senior Nutrition Fund

Recreation Programs

Medical Services Fund

Forensic Services Fund

Environmental Planning Fund

More Cops Fund

Debt Service Fund

Capital Projects Funds:

General Capital Projects Fund

Residential Construction Tax Park Fund

Transportation Impact Fee Fund

Redevelopment District Fund

Technology and Vehicle Replacement Funds

The City of Mesquite appears to be using the above listed funds expressly for the purposes for which they were created and in accordance with NRS 354.624. The funds are being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the funds. Sources of revenues available and fund balances and retained earnings are reflected in the individual fund financial statements.

The statutory and regulatory requirements of the funds are as follows:

Enterprise Fund:	City Code Title 3, Chapter 3.
Street Maintenance:	Council's intended purpose.
Airport:	Council's intended purpose.
Capital Projects Maintenance and Repair:	NRS 354.6105.
Court Administrative Assessment:	NRS 176.059.
Senior Nutrition:	U.S. Dept. of Health & Human Services, Title III.
Recreation Programs	Resolution #209
Medical Services	Resolution #210
Forensic Services	NRS 453.575 and 484.3798
Environmental Planning	Resolution #349
More Cops	Resolution #394
Debt Service:	Bond Ordinances.
General Capital Projects:	City Budget.
Residential Construction:	City Code Title 7, Chapter 4.
Transportation Impact Fee:	City Ordinance #208.
Redevelopment:	City Ordinance #138.
Technology Replacement	Resolution #350
Vehicle Replacement	Resolution #350

NRS 354.624 requires that a schedule of all fees imposed by the City which were subject to the provisions of NRS 354.5989. Because the City has not increased any fees subject to the limitations provided by NRS 354.5989, the schedule is not applicable.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of Mesquite complied, in all material respects, with the requirements identified above for the year ended June 30, 2008.



HINTON, BURDICK, HALL, & SPILKER, PLLC
December 31, 2008